Austria	Sch 20	Indonesia	Rp 2500	Portugal	Esc 90
Bahrain	Din 0.650	Italy	L 1500	S. Arabia	Rls 5.00
Belgium	BFr 45	Japan	Y560	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 125
Cyprus	C£0.70	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 8.00	Lebanon	L£ 8.00	Sweden	SKr 7.00
Egypt	E£1.00	Luxembourg	LFr 45	Switzerland	SFr 2.20
Finland	Fmk 6.50	Malaysia	Rin 4.25	Taiwan	NT$ 65
France	FFr 6.00	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 250
Greece	Dr 80	Netherlands	Fl 2.75	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 7.00	U.S.A.	$1.00
India	Rup 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,912 Thursday April 24 1986 D 8523 B

Protests unsettle Haiti's new rulers, Page 6

World news | Business summary

Spanish King urges Gibraltar solution

King Juan Carlos of Spain yesterday put his full weight behind a satisfactory solution to the problem of sovereignty for Gibraltar, which has bedevilled Anglo-Spanish relations.

In a formal address to the joint Houses of Parliament on the second day of his state visit to Britain, the King said he hoped both governments could find a formula that would transform differences into "harmony".

The King's address was the first by a reigning monarch before such a joint session. Page 18

Marcos assets freed

Switzerland lifted its nationwide freeze on assets of former Philippine President Ferdinand Marcos in all but four centres where the Manila Government identified funds of over $1bn believed to belong to Marcos.

Israeli denial

Israel's Government denied involvement in an alleged plot to sell more than $2bn worth of arms to Iran. Three Israelis were among 17 men charged in the New York courts after nine arrests under the embargo regulations on US arms sales to Iran earlier this week. Page 6

Court ruling

The European Court of Justice declared the distribution of cash payments totalling Ecu 43m ($42.2m) made by the European Parliament to political parties fighting the 1984 elections to the assembly illegal. Page 3.

Cholera outbreak

Unicef has sent 27 tonnes of medical supplies to fight a serious cholera outbreak in remote southern Somalia. More than 1,000 people have died from cholera there since January.

Landslide deaths

The second landslide within four days in central Colombia killed 11 children aged between six and 16, bringing the overall death toll to at least 25.

Irish divorce vote

The Irish Government was due last night to announce plans to hold a referendum, probably in June, on removing the country's constitutional ban on divorce.

Spying charge

A 57-year-old West German businessman was charged with spying for East Germany, the Federal Prosecutor's Office in Karlsruhe said.

Lima arrests

Soldiers and police rounded up 120 suspected left-wing guerrillas and common criminals in a swoop on Lima's southern shantytowns.

Police questioning

French police have taken two journalists in for questioning in connection with an assassination attempt last week by the left-wing guerrilla group Action Directe, police sources said.

Gang boss killed

Armed men burst into a hospital room in Reggio Calabria, Italy, and shot dead convicted gangster Francesco Serraino and his son Alessandro in what police said looked like a Mafia power struggle.

Armoury to reopen

The Kremlin armoury, which houses some of the most valuable jewels from Tsarist Russia, is to open on May 2 after three years of repairs.

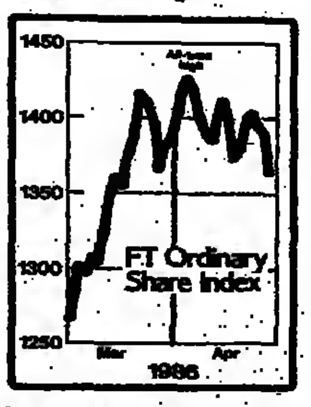
Preminger dies

Film producer and director Otto Preminger, whose career spanned 40 years and dozens of major pictures, died of cancer aged 79.

Dow sells financial division for $168m

DOW CHEMICAL of the US is selling its financial services operations to Royal Trust, one of Canada's leading trust companies, for $168m. The deal includes controlling interests in Dow Banking of Switzerland, Arbuthnot Latham, the UK merchant bank, and Savory Milln, a London securities business, as well as Far Eastern assets. Page 18

WALL STREET: By 2pm, the Dow Jones industrial average was 12.40 down at 1,818.58. Page 42



LONDON: The FT Ordinary index dropped 27.8 to 1,362.0 and the FT-SE 100 index fell 32.5 to 1,632.70. Gilts were also sharply lower. Page 42

TOKYO: The Nikkei average rose 35.11 to 15,748.02. Page 42

DOLLAR continued to fall in London, closing at DM 2.1935 (DM 2.1985), FFr 7.0025 (FFr 7.013), SFr 1.834 (SFr 1.8425) and Y168.8 (Y169.95). On Bank of England figures, the dollar's index fell to 114.5 from 114.8. Page 33

STERLING was firm in London, gaining 1 cent against the dollar to $1.524. It also rose to DM 3.3425 (DM 3.3275), FFr 10.6725 (FFr 10.6175) and SFr 2.795 (SFr 2.79). It was unchanged at Y257.25. Page 33

GOLD rose $0.75 on the London bullion market to $346.25 and was $1.75 higher in Zurich at $346. Page 32

NORWAY: Hopes for a settlement of the offshore oil and gas dispute rose after the employers made new proposals. Page 2

MEXICO appealed to Japan for $1bn to help it with its most severe economic crisis this century. Page 6

CHINA, with the help of Hong Kong shipping magnate Sir Yue-Kong Pao, is seeking foreign finance for a $3.9bn steel plant at the south coast port of Ningbo. Page 8

US has blocked adoption of a Gatt ruling on its wine imports from the EEC. Page 8

EEC has appointed two investigators to examine fraud in the holiday and retirement homes market in Spain and Portugal. Page 13

FINANCIAL Corporation of America, largest US savings and loans group, reported net profits of $49.1m or $1.21 a share for the first quarter of 1986, compared with a loss of $38.1m. Assets fell from $28bn to $26.44bn.

BASF and Bayer, two leading West German chemical companies, are, like Hoechst, another chemical producer, planning to increase their dividends. Page 19

LAURA ASHLEY, the UK design group that went public before Christmas, improved pre-tax profits for the year ended January 25 by 38 per cent to £18m ($27m), £1m above forecast. Page 27

TURKISH bank Turkiye Iktisat Bankasi of Istanbul has bought a 70 per cent stake in Banque Internationale de Commerce of Paris for about $3m. Page 19

CIBA-GEIGY, the Swiss chemicals and pharmaceuticals concern, expects this year's profits and sales to fall below last year's record levels. Page 19

DATA GENERAL, the US superminicomputer maker, remained barely profitable in the latest quarter, blaming the computer industry recession. Page 19

US presses Bonn to accelerate its economic growth

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration yesterday stepped up its pressure on West Germany to take new steps to accelerate its economic growth.

A senior US official at the White House, asked what actions we would like to see America's partners at the forthcoming Tokyo summit take to improve the outlook for the world economy, said: "We think that, when a country like Germany is running perhaps a negative inflation rate, yet has unemployment at 9 per cent, maybe they ought to give some consideration to going along with the interest-rate reduction that the US and Japan accomplished the day before yesterday."

He added that Japan, too, "could take steps to stimulate domestic demand."

On Friday the Federal Reserve, the US central bank, cut its discount rate in a co-ordinated move with Japan, a step which was seen as aimed partly at putting pressure on West Germany to follow suit. There were reports from Frankfurt yesterday that the Bundesbank was not planning to lower its leading interest rates this week.

Mr Paul Volcker, chairman of the Federal Reserve, expressed some unease about the "perverse" reactions of the financial markets following the discount rate cut. Although the reduction was designed to validate the recent decline in short-term interest rates, long-term rates rose on Tuesday and again yesterday, amid fears about US dependence on capital inflows as the dollar fell on foreign exchange markets.

Mr Volcker, asked about the decline of the dollar, responded: "It was not exactly a free fall, but it did seem to impact the credit markets. Those potentialities always concern me."

Reagan Administration concern about the trade deficit outlook if economic growth in West Germany and Japan does not pick up was underlined yesterday by Mr James Baker, the Treasury Secretary, who said that, while the Administration expected the deficit to fall to $100m by the end of 1987, after that faster growth in the US than abroad, what the US calls the "growth gap," would reassert itself... "This will cause our trade and current account deficits to balloon once again," warned Mr Baker.

The senior Administration official at the White House was even more outspoken about the US trade deficit, describing it as "politically intolerable so far as the US is concerned."

Asked whether the US had any proposals to put to the summit for improving economic co-ordination between the major industrial countries, the official said: "We do not have such proposals today, but I would not want to rule out the possibility of advancing something (at the summit) if I thought we could make some progress."

But he indicated that this would not be a plan to hold an international monetary conference. "There is too much focus on a conference... There are a number of other things which could be done."

The dollar remained weak yesterday although it closed in London towards the top of its trading range during the day, adds George Graham from London.

Against the D-Mark it closed at DM 2.1935, down ½ pfennigs from the previous day in London but above the overnight New York close. It weakened also against the Japanese yen, ending slightly lower at Y168.8.

Sterling rose 1 cent to $1.524, and also gained 1½ pfennigs to end in London at DM 3.3425. The Bank of England's effective exchange-rate index rose 0.3 to end at 75.7.

London share prices, however, weakened, and the FT Ordinary share index recorded its third successive day's fall. It dropped 27.8 to 1,362.0 and now stands 41.1 points lower than it did at the end of last

Continued on Page 18

Money market, Page 35

Pretoria seeks sweeping emergency measures

BY ANTHONY ROBINSON IN CAPE TOWN

A BILL giving new sweeping emergency powers to the Minister of Law and Order was introduced in the South African Parliament yesterday at the same time as the Government abolished the pass laws and restrictions on the movement and residence of millions of black people.

The bill, an amendment to the 1953 Public Safety Act, empowers the Minister, Mr Louis Le Grange, "to declare any area an unrest area ... if of the opinion that public disturbance, riot or public violence is occurring or threatening and that measures additional to the ordinary law of the land are necessary."

In effect, it gives the minister powers, including legal immunity, similar to those enjoyed under the state of emergency which was lifted three months ago.

Section 5B states: "No court shall be competent to inquire into or give judgment on the validity of any such proclamation, notice or regulation."

The new bill was introduced against the background of renewed violence in the Johannesburg black township of Alexandra yesterday, where a white policeman was shot in the stomach.

The proposed new emergency powers legislation coincided with the tabling of a White Paper (policy document) on urbanisation, which abolishes influx control and has been widely welcomed. "Along with recognition of black trade unions in 1979, scrapping of the pass laws is the most important reform since the Second World War. It removes a great weight from the shoulders of millions of people," Mr John Kane-Berman, director of the Institute of Race Relations, said last night.

A total of 34 laws and regulations, including the curfew laws and the all-purpose "idle and undesirable" clause of existing influx control legislation will be repealed and the pass books carried only by blacks will be replaced by a uniform identity document for all races. All those presently in jail for pass offences will be released in the next few days.

According to Mr Stoffel Botha, the Minister of Home Affairs, the new document will carry a coded reference to race and all races will be required to give their fingerprints. They will be recorded on the population register but not on the document itself. Over 14m blacks who currently hold valid pass books will be supplied with the new identification by January 31 next year, he added.

The Urban Foundation, a private-sector lobby group set up after the 1976 Soweto riots to press for black urban reforms, warmly welcomed the White Paper, which, it said, "demonstrates a clear commitment to the abolition of influx control." It noted: "There are no hidden control measures or mechanisms specifically for black people created in substitution of the pass laws."

Details, Page 4; Editorial comment, Page 16

Paris thwarts takeover of Valeo

BY PAUL BETTS IN PARIS

THE FRENCH Government has classified Valeo as a company involved in the country's defence industry in a transparent move designed to thwart Mr Carlo de Benedetti's current efforts to take control of the large French car components group.

The chairman of Olivetti, through his CIR industrial and financial holding company, has already acquired nearly 20 per cent of Valeo. He is now seeking to buy an additional 16 per cent stake by a share tender offer of FFr 620 a share.

By deciding to list Valeo as a company involved in national defence interests, the French Government has given itself the means of blocking Mr de Benedetti's efforts to buy more than 20 per cent of the company.

As a defence-related company, any foreign investor seeking to acquire more than 20 per cent of the car components manufacturer must first have the approval of Mr Edouard Balladur, the new French Economy and Finance Minister.

The Government's decision is expected to provoke a controversy, since Valeo is not generally seen as playing a leading role in the country's defence industry. However, as a components maker it does supply parts for military vehicles and is currently involved in developing the clutch system of the French army's new generation tank.

The move reflects the Government's growing concern over the current manoeuvres by leading Italian groups in the French car-components business. Apart from Mr de Benedetti's bid for Valeo, Fiat is seeking to take control through a merger of two French car-components companies owned by the French Matra group.

Moreover, Peugeot and Renault, the country's two large car makers, have also openly expressed their worries over the Italian takeovers.

But the new right-wing Government is likely to find it embarrassing, to say the least, if it decides to block the two Italian deals, since it would contradict its strongly stated commitment to free market economic and industrial policies.

For Valeo's management, the Government's decision to classify Valeo as a company involving the country's defence industry came as a big boost for its efforts to resist Mr de Benedetti's bid.

Valeo yesterday said its consolidated net losses last year would total between FFr 80m and FFr 90m ($11.5m to $12.8m) after a higher loss of FFr 147m in 1984. The company expects to return to profit this year. Consolidated sales last year rose by 5 per cent to FFr 11.5bn.

The takeover manoeuvres around Valeo sent the company's shares sharply higher when trading in Valeo resumed yesterday. Trading in the shares had been suspended since March 19

Reagan claims world outlook best for years

BY REGINALD DALE, US EDITOR IN WASHINGTON

THE US is approaching next month's Western economic summit in a mood of upbeat self-confidence, convinced that the world political and economic climate has not been so favourable for many years.

In a speech intended to strike the keynote for the seven-nation talks in Tokyo on May 4 to 6, President Ronald Reagan yesterday spoke glowingly of the "winds of freedom" that were blowing across the face of mankind, "clearing the air, opening the view of a new and wondrous horizon."

Mr Reagan's theme was that democracy and free enterprise were flourishing and taking root around the world, while Communism had failed. "The world, especially the developing world, is leaving behind the dismal failure of statism and redistribution, he told the US Chamber of Commerce.

In pre-summit briefings, senior Administration officials reinforced Mr Reagan's message, claiming that the economic picture in the industrialised world was now "potentially brilliant." The chances of sustained international economic growth were now excellent, thanks to falling oil prices, lower inflation and interest rates and a more favourable pattern of exchange rates.

The problems remaining to be tackled in Tokyo were high unemployment in Western Europe, the US current account deficit, the international debt problem and protectionism, they said.

On the trade front, the biggest threat was the latest US-EEC dispute over agricultural products, which was "dangerously close to a trade war."

More generally, Mr Reagan identified terrorism as the main danger facing the West. Undeterred, it could dampen the joy of travel, the flow of trade and the exchange of ideas, and "deflect the winds of freedom," he said.

Senior Administration officials said they detected "significant and perceptible" movement towards new joint action against terrorism, particularly among West European governments. Some of this they attributed to last week's US air strike against Libya, which Washington believes to have goaded European governments into overdue action.

The US would continue to press its partners to impose joint economic sanctions on Libya, as the country's economy was now very fragile and vulnerable, they said. Libya's foreign exchange income was now running below the normal cost of its imports and the country had no credit standing around the world.

The US was working on ways to "untangle" US oil companies from Libya without leaving their installations as a windfall for Col Muammer Gadaffi, Libya's leader.

The officials doubted, however, whether the other Western countries would agree to economic sanctions in Tokyo, and they played down the importance of any joint statement on terrorism at the summit. The US and its allies agreed that the time was past for issuing statements, and the focus should be on what should actually be done, they said.

There would probably be "a little back and forth" between the US and France at the summit over the French refusal to grant overflying permission to American bombers for last week's raid, the officials said. But there was no point in spending a lot of time arguing over the issue.

Mr Reagan repeated that the US would act again if Libya continued its campaign of terror against Americans. He stressed, however, that the US was not picking a fight with the Libyan people or the Arab world in general. The terrorists and their supporters were only a tiny minority.

Mr Reagan reiterated calls for peaceful competition between the superpowers, with the rest of the world judging not the size of military arsenals but "the attractivness of our ways of life."

He said: "In future years, I think we may look back on the period we are going through as the vernal equinox of the human spirit – that moment in history when the light finally exceeded the darkness."

● On Tuesday, Mr Reagan played down divisions in the Western alliance over the US air strike against Libya. As reported in later editions yesterday, Mr Reagan said there were no serious difficulties that could not be worked out at next month's seven-nation economic summit in Tokyo.

Mr Reagan was speaking to six reporters representing news media, including the Financial Times, from the other summit countries. He paid glowing tribute to Mrs Margaret Thatcher, the British Prime Minister, for her support for the US attack. He was sorry that her "courageous action" had caused her political problems in the UK, but he was convinced that she could take care of them by herself.

Mr Reagan said the seven countries attending the summit – the US, Britain, Japan, France, West Germany, Italy and Canada – would

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Bonn orders 22 Libyans to quit bureau

By Peter Bruce in Bonn and Our Foreign Staff

The West German Government yesterday ordered 22 diplomats and ancillary staff at the Libyan People's Bureau in Bonn to leave the country within the next seven days.

Bonn also announced severe travel restrictions on the remaining 19 members of the People's Bureau and said it would soon determine whether other Libyan organisations in West Germany were overstaffed.

West Germany is to reduce its diplomats in Tripoli by three, to 19, the same number as the Libyans will have in Bonn.

This is the toughest diplomatic action ever taken by the West German Government to combat the export of terrorism from the Middle East and follows Monday's decision by EEC foreign ministers to curb the numbers of Libyan representatives in their countries.

Libyan retaliation against the EEC decision was signalled yesterday morning when about 250 representatives of the Western media were ordered to leave the country. However, the instruction was later amended and last night it seemed that many of the journalists would be allowed to remain in Tripoli until at least the weekend.

Mr Mohammed Sharafeddin, the Minister of Information, said last night that journalists would not be taken on any more conducted tours and their hotel rooms were required for other visitors.

Earlier, the journalists had been told to pack their bags and board buses that were waiting to take them to the airport. However, reporters from countries other than the EEC and US, were told they could stay.

The final decision on the number of Libyans to be asked to leave Bonn was made during a regular weekly meeting of Chancellor Helmut Kohl's Cabinet and officially passed on to the People's Bureau in the afternoon. Officials in Bonn said they expected the Italian Government to follow suit soon.

It is believed that Bonn has given the Libyans a largely free hand to choose who should leave the country. West German intelligence is, however, likely to insist on the departure of a few "named" people.

The People's Bureau was also told yesterday that with immediate effect, its staff will be restricted to Bonn, and the airport 25 km away. Special permission will have to be given for travel outside the capital.

Bonn is also planning to introduce much tougher visa requirements for Libyans, some 1,500 of

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CONTENTS

Employers make offer in Norway oil dispute

By Fay Gjester in Oslo

HOPES FOR a settlement of Norway's offshore oil and gas dispute rose yesterday when employers made new proposals during talks with union representatives under the auspices of government arbitration. However, the gap between the two sides is still believed to be very wide.

A combination of strike and lock-out in the dispute over pay and conditions has shut down production on Norwegian oil and gas fields since April 6.

Last weekend the action was extended to include production workers on the British side of the Anglo-Norwegian Frigg gas field, thus aggravating the supply problems faced by British Gas, which normally takes all the field's output.

The employers' offer is understood to be patterned on the deals which last week ended an onshore lockout affecting 100,000 Norwegian workers. Up until then, the employers had favoured extending existing pay and conditions agreements until July 1 to allow more time to harmonise claims by the three categories of employees involved: catering workers, drilling crews and production personnel.

The government arbitration called the unions and employers together on Tuesday, arguing that it was time to make a fresh attempt to negotiate a solution. The Government, so far, has refused to intervene to order a compulsory settlement.

The current low oil price means that revenue losses are far less than during previous stoppages.

Danish trade gap narrows

By Hilary Barnes in Copenhagen

DANISH IMPORTS and exports fell sharply in March compared with a year earlier and the trade deficit was cut from DKr 2bn (£162m) to DKr 750m. This took the deficit for the first quarter to DKr 4.2bn compared with DKr 4.4bn in the same period last year.

Imports last month fell to DKr 14.6bn from DKr 15.4bn in March last year and exports to DKr 13.8bn from DKr 15.3bn. First quarter imports were down to DKr 46.3bn from DKr 48.4bn and exports to DKr 42.0bn from DKr 44.1bn.

James Buxton explains how the authorities are moving slowly — and anxiously — to lift exchange controls

Italy lays a lighter hand on the movement of capital

"FRANCE SEEMS to have stolen the limelight from us," lamented an Italian official, commenting on the heavy media coverage which Mr Jacques Chirac's government received when it reduced foreign exchange controls last week.

Italy has been carrying out a progressive liberalisation of foreign exchange control for several years, it is argued in Rome. And in at least one respect Italian controls are more liberal than France's.

Early this month, just after the realignment of the European Monetary System, Mr Giovanni Agnelli, Fiat's chairman, called publicly for a decisive liberalisation of Italian exchange controls. The economy was healthy enough, he insisted, and the Italian saver mature enough.

"The *cordon sanitaire* which surrounds the outflow of capital may perhaps protect us against the contagion of speculation. It certainly means that the chronic ills of the Italian economy do not get cured," he said.

How convincing, therefore, are official claims about the liberalisation of Italian exchange controls, and how reasonable are the recent calls by businessmen to sweep away restrictions?

Italy's long history of exchange controls dates back to the 1930s, when Mussolini was in power. In the 1950s and 1960s, when the economy boomed, the balance of payments was sound and the lira was strong, the restrictions were relaxed.

But in the next decade, under the pressure of the oil crisis and against a domestic background of alarm that the Communist party might sweep to power, controls were re-imposed with a vengeance.

There was a genuine emergency in 1976, when the lira was devalued three times and foreign reserves dropped to only $500m. Italians were smuggling their funds out of the country and into Switzerland by every means they knew.

One of the emergency measures was Law 159, making it a criminal offence either to send or hold abroad any sum greater than L5m (£2,200) without permission. Every foreign exchange transaction became illegal if not approved by the Government.

Along with Law 159 (still in force—though rarely applied now), came other measures which drastically limited companies' freedom to use foreign currency in trade, put enormous restrictions on investments abroad, and gave Italians travelling abroad extremely meagre allowances. Every transaction involving foreign currency was bedevilled with elaborate form filling.

Between 1981 and 1985, however, a series of gradual relaxations were made. The number and size of import-export operations needing approval was reduced, and with it some of the paperwork. Companies won a little more freedom to manage their foreign exchange budgets on a day-to-day basis.

Mr Giovanni Agnelli, Fiat's chairman, has led recent business pressure for easier controls on foreign exchange.

The size of the non-interest bearing deposits that had to be lodged when making a financial investment abroad was slowly reduced from 50 per cent to 25 per cent of the investment involved. Italian multinationals, such as Fiat and Olivetti, had only to inform the Bank of Italy when they wanted to make direct investments abroad and could assume it was approved if they heard nothing in two months. If their investments required the purchase of shares in foreign companies, the central bank usually waived the non-interest bearing deposit requirement.

In the past two years, ordinary Italians have been able to take as much money abroad as they want, though there are still limits on the use of credit cards.

Yet, at the end of last year, company treasurers still had to hand in to the authorities within 15 days all foreign exchange receipts from export, and could do only the most limited forward trading in foreign currency. Individual Italians could normally only invest outside Italy by means of easily monitored unit trusts, which were permitted to put 10 per cent of their assets into foreign securities.

Even so, the authorities could at that point claim that progress was being made in removing restrictions. The main retrograde step up till then—the freezing in June 1984 of the level of banks' foreign borrowings—was lifted at the end of last year.

Then came a setback which indicated how fragile exchange control reform can be. Early this year, the lira came under severe pressure in the EMS as companies, expecting a devaluation, reduced their borrowing in foreign currency and took on debt in lire, while foreign investors cut their holding of Italian shares. Reserves went down by L11,000bn (£4.8bn) in four months.

The Government's reaction was to stiffen exchange controls once again, obliging companies to finance 75 per cent of their exports with foreign currency and forbidding them to settle their foreign currency debt ahead of schedule. The lira recovered but the credibility of the liberalisation policy was damaged.

However, after the realignment of the EMS on April 6, when the lira benefited from a 3 per cent fall against the D-mark but gained space for a 3 per cent revaluation against the French franc, the pressure for restrictions to be lifted reached new heights.

By then, Italy was benefiting heavily from the fall in the oil price and in the dollar. If the economy was strong enough not to need a devaluation against the franc, the industrialists taunted, why did it have to be protected by exchange controls?

A few days later, the Government responded: it lifted the emergency control applied in January, but also went futher. For the first time since the 1960s, companies were permitted to hold foreign exchange effectively for 90 days, instead of 15, and to make forward dealings by means of currency options.

The loosening of restrictions on the holding of foreign exchange came into force just two days before France did much the same thing. But Italian officials point out proudly that Italian companies have been completely free to make direct investments abroad since last October, while French companies are still restricted.

Now, a bill to repeal law 159 first presented by the Government in late 1983 is inching its way forward in Parliament, delayed by Communist party amendments which, while not challenging its purpose, seek to restrict its scope.

So what do Italian industrialists think of the changes of the past few weeks? "It's getting better, but the restrictions on the free movement of capital are unworthy of a country seeking anxiously to be admitted to the Group of Five leading industrial countries," says a Fiat spokesman. "Why is it that an Italian can buy a German car but not buy shares in a German car company?"

But the authorities, led by the Bank of Italy, worry deeply about the consequences of a sudden freeing of controls on capital movement. The national debt alone is equivalent to 102 per cent of gross domestic product. What would happen to Italy's reserves if savers switched part of their investments from the national debt into foreign assets?

The question comes down to the issue of the Government profligate spending and heavy domestic borrowing. This is a problem which Mr Agnelli argued is unlikely to be solved while the Italian economy is partially insulated from the outside world.

President's verdict unlikely to quell Waldheim storm

BY PATRICK BLUM IN VIENNA

THE VERDICT reached by Dr Rudolf Kirchschlaeger, the Austrian President, that allegations about the wartime past of Dr Kurt Waldheim had not been proven is unlikely to quell the international controversy or the domestic row about the former United Nations Secretary-General.

Dr Waldheim, the leading candidate in Austria's forthcoming presidential election, is alleged to have been involved in Nazi atrocities in the Balkans, a claim he has vehemently denied.

In his 20-minute address to the nation on Tuesday night, Dr Kirchschlaeger said the documents he had examined from the UN War Crimes Commission and from the World Jewish Congress provided insufficient proof of the allegations. "On the basis of the evidence presented to me, I would not dare to bring charges in a regular court," he said.

He raised doubts, however, about Dr Waldheim's claims to have been ignorant of atrocities committed in the Balkans. As an ordnance officer preparing daily reports for the general staff in Salonika Dr Waldheim must have know what was going on, he said. "He must have been well informed of the entire situation within the range of his competence, including the overall conduct of the war in the Balkans.

Dr Kirchschlaeger would not pronounce Dr Waldheim guilty or not guilty, but his remarks have been widely interpreted in the predominantly conservative Austrian press yesterday as clearing Dr Waldheim.

For his part Dr Waldheim, who is supported by the conservative People's Party, said the President's speech had confirmed his innocence. "All the allegations against me have now collapsed."

Dr Kurt Steyrer, the Socialist Party candidate, said the speech would not have much effect on voting on May 4. Dr Waldheim retains a lead of about 4 per cent of the polls. Privately, senior Socialist officials were expressing dismay that Dr Kirchschlaeger had not mentioned discrepancies in Dr Waldheim's official biography which, until recently, failed to mention his wartime service in the Balkans.

A senior Socialist official said privately yesterday that he could not understand how Dr Kirchschlaeger could have failed to mention these discrepancies since they put an important question-mark over Dr Waldheim's credibility and could affect his standing as President.

The Salzburger Nachrichten, a respected daily newspaper, said: "Why did Dr Waldheim only partially, and only bit by bit, make known the facts about his activities . . . on every occasion only after new documents had been presented. Why in the biographies presented up to now did he leave out facts that he did not have to leave out," it asked?

Although Socialist and Conservative officials claim that the President's speech will favour their own candidate, it is believed that Dr Waldheim will benefit more. "He will now be able to brush aside the allegations," a senior Socialist said.

Dr Kirchschlaeger, to the surprise of many, also rebuked Austria's critics. "All nations must be careful when accusing others," he said. "The opening of thinly healed scars leads me to the conclusion that no European nation, or America, has fully overcome its past."

The political infighting resumed yesterday, with a senior parliamentary spokesman of the People's Party saying he had new evidence showing that the "smear campaign" against Dr Waldheim had been masterminded by the Socialist Party.

● Dr Kirchschlaeger (right): Case not proven against Waldheim

Mediator steps into Finnish wage strike

By Olli Virtanen in Helsinki

FINLAND'S STATE mediator yesterday began an attempt to end the pay strike by civil servants which has crippled transport and postal services for almost a month.

He met representatives of both sides, but no quick resolution is expected.

Helsinki airport has been opened for a limited number of domestic flights but international traffic is still diverted to Turku and Tampere.

When Finland's railways board began a restricted commuter service in the Helsinki area, the striking union called a 16-hour stoppage by passport controllers at Turku and Tampere, causing delays for foreign travellers.

European Parliament cash for elections illegal, court rules

BY QUENTIN PEEL IN LUXEMBOURG

DISTRIBUTION of cash payments totalling Ecu 43m (£27.5m) made by the European Parliament to political parties fighting the 1984 elections to the assembly was yesterday declared illegal, in a shock decision by the European Court of Justice.

The court confirmed that the Parliament could not itself decide on arrangements for direct elections until there was a *common electoral* system for the whole Community. Until then, national laws on financing the campaign as well as other aspects must apply.

The judgment calls into question the main source of finance for the election campaign and its distribution, and could result in political parties having to make substantial repayments, members of the Parliament fear.

At the same time, the court confirmed that decisions of the Parliament can be challenged by third parties, just like decisions by the European Commission and the Council of Ministers.

The decision was on a case brought against the Parliament by Les Verts, the French ecologist party, challenging the distribution of cash for the 1984 direct elections. The party claimed that the system favoured the political parties already represented in the assembly, and offended against the EEC law that national rules still apply to European elections.

The court rejected the argument by the parliament that the cash was intended to publicise the elections, rather than fight the campaign. The judges said it was impossible to distinguish between the two uses when the cash had been given to the political parties.

The system of distribution decided in 1982 and 1983 by the Bureau of the European Parliament, representing the party leaders, gave 69 per cent of the total to those who were already members, and the remaining 31 per cent to the parties *fighting* in 1984. Parties had to win at least 5 per cent of the vote in one country, or at least 1 per cent in three countries, to qualify for payments.

MEPs and its officials reacted with some consternation to the *decision* yesterday, and just what effects it might have. The court gave no ruling on what should happen, but simply "annulled" the decision of the *Parliament's Bureau* on distribution of the cash.

Mr Peter Price, a British Conservative, said his group had repeatedly challenged the payments, and had urged that the cash should be very strictly limited to information campaigns not party political exercises.

"They have *said* the original decision authorising the expenditure is a nullity," he said. "The Parliament may have to adapt such a decision retrospectively, as far as it is within its powers. It could mean expenditure in 1984 not of an information kind having to be repaid by political parties."

Portugal seeks EEC aid for industry development

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government and the European Commission are negotiating an ambitious and expensive industrial development programme aimed at helping small and medium enterprises to introduce new technolgy, improve quality and productivity and strengthen their financial structures.

The EEC has agreed in principle to special help for Portuguese industry, which has been *hampered in its development* by lack of capital, a proliferation of very small old-fashioned enterprises, and meagre understanding of marketing techniques in *many sectors*.

Before it joined the Community Portugal negotiated a special 10 year Ecu 700m agricultural development programme. The government would like the industrial programme to be spread over seven years and focus on rationalisation of energy and use of renewable energy sources, new technology centres, data processing, design and training of young skilled technicians.

A recent survey showed that 90 per cent of Portugal's industrial workers have no more than primary education. It has been hard for management to attract young university graduates and *secondary* schoolleavers to industrial jobs where conditions are of antiquated and management techniques autocratic.

The competitive pressure brought by EEC membership will bring many changes to Portuguese industry where a few efficient sectors like textiles, footwear, pulp, ceramics and small machinery, where entrepreneurs have invested in modern equipment in recent years, contrast dramatically with the small, haphazardly-run enterprises that make up the bulk of industry.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Britain's spaceplane on collision course with France

BY DAVID MARSH IN VENICE

BRITAIN is heading along a potential collision course with France by stepping up efforts to win European funding for British Aerospace's revolutionary space-going aircraft, Hotol, which rivals the French-backed Hermes project.

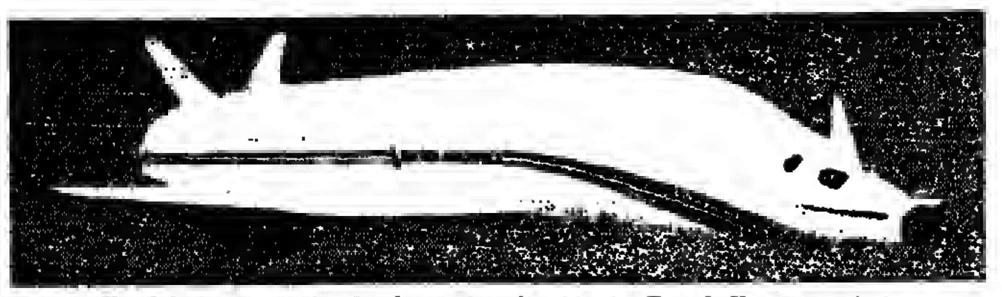
Mr Geoffrey Pattie, the British Minister for Industry and Information Technology, plans to consult European governments in the next few months ahead of a possible move this summer to enlist Hotol as a full international project backed by the 11-nation European Space Agency (ESA).

Hotol, which would travel into orbit from a runway, like an ordinary aircraft, would need about £3bn-£4bn to develop over the next decade, 30 per cent of which could come from Britain if it is authorised as an ESA project.

To put pressure on France and other European countries, British Aerospace has indicated informally that refusal by ESA to put money into the project could force Britain to develop it with the US. Leading US aerospace companies, among them McDonnell Douglas, have shown interest, while the Japanese space agency has also made informal approaches about collaboration.

The programme cuts directly across French attempts to secure European finance for the Hermes manned space vehicle. This would be lofted into orbit in the mid-1990s atop an Ariane rocket, but would be able to fly back independently like the US space shuttle.

Design work on Hermes is already being carried out by Aerospatiale and Dassault-Breguet, the two leading French aerospace groups. But France has faced difficulties in winning support for Hermes from the Bonn Government, which has put off a decision until next year.



Hotol is in a race for development cash with the French Hermes project

International interest in supersonic space-going aircraft has risen considerably over the past 12 months with a decision by the British Government to back preliminary Hotol work and with the launching of a much larger programme in the US.

Hotol, however, has met considerable scepticism in France. This is because its revolutionary propulsion technology is still classified as a military secret by the British Ministry of Defence.

Indicating his own caution over the project, Professor Reimar Luest, the West German director-general of the ESA, said here yesterday that the agency could decide on Hotol "as soon as we know the little secret." He was speaking at an international conference on the US space station.

Mr Peter Conchie, director of business development at British Aerospace's space and communications division, told the conference that Hotol gave Europe a chance to win new space business by cutting down considerably on launching costs.

He implicitly admitted, however, that the main reasons for the classification were commercial rather than military. He said that if the veil of secrecy were lifted, details would quickly reach the US which would be able to commercialise the technology much more quickly than Europe.

Hotol could carry satellites into orbit and service the US space station which is planned to be built with collaboration from Europe and Japan from 1994 onwards. It could carry people into space once it proved its security as an unmanned vehicle.

The propulsion system allows Hotol in its early flight to breathe oxygen from the air like an ordinary jet. This would avoid the need to carry large reservoirs of fuel and liquid oxygen which weigh down conventional vertical rockets and increase the hazards for crews.

The US space shuttle disaster in January, as well as the destruction last Friday of an unmanned Titan US rocket, have highlighted the risks of present space transportation and increased interest in exploring alternatives for the late 1990s and beyond.

Daimler denies it is too powerful

By Jonathan Carr in Frankfurt

THE HEAD of Daimler-Benz, West Germany's biggest industrial group in sales terms, has strongly rejected charges that his company has won excessive power with its recent acquisitions—above all the takeover of the AEG electricals concern.

Mr Werner Breitschwerdt, chief executive, said in Bremen yesterday that in West Germany, the size and strength of companies were all too often judged from a purely national perspective.

"What is the Daimler-Benz group compared with General Motors, or IBM or the many Japanese companies with whom we must compete on the world market?" Mr Breitschwerdt asked.

He stressed that in the US people were far more ready to judge the need for mergers in an international context.

West Germans should indeed be alive to any threats to their system of a market economy "but we should not act as though we are alone in the world."

His remarks follow a new upsurge of debate on whether the country's cartel laws need strengthening—itself stimulated by Daimler's spate of acquisitions.

Since the start of last year, the motor vehicle concern has gained full control of MTU, the engine builder, 65.5 per cent of Dornier, the aerospace company, and most recently a 56 per cent holding in AEG. The whole group this year will have sales revenue clearly exceeding DM 60bn (£18.3bn).

The AEG move was only permitted by the West German cartel office on condition the two companies involved give up stakes in enterprises jointly held with possible competitors.

Even so, Mr Wolfgang Kartte, president of the cartel office, expressed unhappiness with the merger trend and urged that a full review of the situation be made after next January's general election.

The Social Democratic opposition in Bonn has bluntly demanded that "elephant marriages" along Daimler-AEG lines should be forbidden.

Journalist held after attack

By David Housego in Paris

JOURNALISTS at the French daily newspaper Liberation yesterday prevented police from searching the office of a colleague earlier detained by police investigating a terrorist incident.

Mr Gilles Millet was one of two French journalists held yesterday by police investigating the recent attack on Mr Guy Brana, vice president of the French employers' association. The other reporter was Mr Marc Francelet of the weekly magazine VSD.

Responsibility for the attack has been claimed by Action Directe, the extreme left-wing movement.

UK-Irish air route challenge

BY HUGH CARNEGY IN DUBLIN

AIR FARES on the busy London-Dublin route tumbled yesterday as a new private Irish airline, Ryanair, entered the market offering a no-restrictions return fare which undercut prices offered by the existing operators, British Airways, Aer Lingus and Dan Air.

Ryanair's move marks the first step in what is likely to be an eventful summer on the pricey Ireland-Britain air routes as new operators attempt to seize a share of the market by offering cut-price services.

The company said it would start four daily scheduled flights between Dublin and Luton on May 23 at I£94.99 (£86.50) return using two 16-year-old BAe 748 turbo-prop aircraft. On the same day, six-days-a-week services would open between Waterford in the south east and Luton at a return fare of I£119.

In a flurry of price cutting hours before the Ryanair launch, BA, Aer Lingus and Dan Air said they were lowering their cheapest round-trip London Dublin fares by I£4 to I£95. But these are Super Apex fares which must be booked a month in advance and their other fares remain significantly more expensive than Ryanair's.

Before the last-minute cuts announced by its rivals Ryanair intended offering its Dublin-London return at I£98.

The new airline, with an authorised share capital of I£2m, has three shareholders, two of them sons of Mr Tony Ryan of the highly successful international aircraft leasing company, Guinness Peat Aviation.

The *company* is determined to break down the price-fixing cartel on the London-Dublin route which travel agents say is one of the most expensive in Europe. Its May 23 launch date coincides with the planned start-up of daily low-fare services between Knock Airport in western Ireland and Stansted Airport.

Another *new* airline, Celtic Air, is still awaiting licences from the Irish authorities to operate from Knock, the unlikely airstrip built with government funds by a Roman Catholic priest which has been spurned by Aer Lingus.

Mr Richard Branson said on a visit to Ireland recently that he was also interested in extending cut-price Virgin Airline services to Ireland.

Polish deputy speaks up for political prisoners

BY CHRISTOPHER BOBINSKI IN WARSAW

A POLISH member of parliament yesterday demanded that political prisoners be granted special status and that the Government should heed, or at least answer, the views of the Solidarity opposition.

The call came from Mr Richard Bender, an independent deputy who teaches history at the country's only Catholic university in Lublin. He caused a stir recently when he met Mr Lech Walesa publicly.

Last autumn some 35,000 Poles *signed* a petition calling for special political prisoner status. The issue has also been taken up by the Catholic Church which believes it would ease relations between the country's 200 or so prisoners and their guards.

Mr Bender, whose speech was received in stunned silence, was taking part in a debate on Polish agriculture which has enjoyed three good years in a row and whose output has outstripped the rate of industrial growth.

Deputies warned, however, that the improvement would be short-lived unless farmers were supplied with more machinery and equipment. Government figures bear out the fact that capital investment growth in the food sector is falling behind that in industry.

The farming lobby which includes Mr Stanislaw Zieba, the Agriculture Minister, argues that farming has significant export potential and is fighting to maintain at least the same rate of growth in the food sector as in industry.

Raids on Libya increase pressures on oil groups

BY TONY WALKER, RECENTLY IN TRIPOLI

The US raids on Tripoli and Benghazi have thrown a further cloud over the operations of American oil companies in Libya who have been ordered by the Reagan Administration to divest themselves of their Libyan interests.

Company representatives say that discussions with the National Oil Company of Libya, which began before the US raid, are likely to be complicated by the latest US action.

Some, if not all, of the five American companies—Occidental, Marathon, Amerada Hess, Conoco and W R Grace subsidiary—have resumed lifting oil for export this month, sending the results of negotiations of divestiture.

Profit from oil sales by US companies will be held in a US Government escrow account to be distributed when these companies end their involvement in Libya.

The companies have been issued with special licences to allow them to continue operating in Libya until they wind up their affairs.

They successfully argued that if they were forced to shut down overnight, Libya would have been presented with a windfall gain of some $2bn (1.3bn) from the surrender of their fixed assets plus oil in storage.

In January, the Reagan Administration announced it was imposing a total trade ban on Libya from February 1. "Any financial transaction thereafter by a US citizen in furtherance of commerce with Libya is illegal," said a State Department spokesman.

However, even in early February, modified regulations were issued which stated that "Americans earning assets in Libya were free to remove such property where possible, or to sell it to *Libya*, to *Libyan* nationals, or, if the property is not for use in Libya, to anyone else."

American oil companies feared that under the January regulations they would be obliged to accept "fire sale" prices. US officials say that, to ensure this does not happen, frozen Libyan assets in America would be used as a lever, to obtain fair compensation.

There is no time limit on the sale of American oil company interests in Libya, although they have been urged to divest themselves of their assets as quickly as possible. All company representatives contacted this week said they had no idea how long negotiations would take in todays' depressed market conditions. They expected discussions about compensation to be protracted.

There are between 800 and 1,000 Americans still working in Libya in spite of President Reagan's executive regulations putting pressure on US citizens to leave.

US companies virtually ran the Libyan oil industry until the 1970s. In the early 1980s the two major American operators—Exxon and Mobil—withdrew. Libya's oil production averaged between 800,000 and 1m barrels a day in the first quarter of this year.

Japanese study backs participation in SDI

By Jurek Martin in Tokyo

THERE ARE good technical reasons for Japan to participate in research on the US Strategic Defence Initiative, according to a report drawn up by a combined Japanese government and private sector SDI mission which visited the US earlier this month.

An "executive summary" of the team's findings was made public here yesterday, after it had been presented to a group of Cabinet Ministers, including Mr Shintaro Abe, the Foreign Minister, and Mr Koichi Kato, head of the Defence Agency.

The summary does not address the political and strategic implications of Japan taking part in SDI. So far, the Japanese Government, aware of the potential for domestic controversy, has confined itself to saying that it "understands" why the US is pursuing the project and what its goals are.

However, the endorsement of SDI on technical grounds probably does constitute an important step in the protracted Japanese decision-making process.

It may also help Mr Yasuhiro Nakasone, the Prime Minister, when discussion of SDI takes place at next month's summit here.

The mission was the third despatched by Japan to study SDI, but the first to include technical experts from industry.

Over 20 Japanese companies were represented, among them such leading electronics concerns as NEC, Toshiba and Sony.

The key conclusion is that Japanese participation contains "the possibility of a big impact on improving our country's related technology standards."

It said that Japan still lags behind in many SDI-related fields, but has undoubted competence "in electronics and other component technology areas.

"Significant technological spin-offs" from involvement in SDI is foreseen.

The summary goes into few details and the full findings of the mission may remain classified. The mission had focused on three specific SDI projects — directed energy weapons, kinetic energy weapons and surveillance acquisition tracking kill assessment.

Although Japanese participation in SDI would not, according to the Foreign Ministry, require parliamentary approval, it would spark political debate.

With an election in June appearing ever more likely, the Government may want to defer a final decision.

In particular the Government would have to address the problem of apparent conflict with a number of existing political guidelines.

Japan's three "non-nuclear principles," for example, might be violated in an SDI system which uses controlled nuclear explosions to trigger directed energy weapons.

GENERALS PREPARE TO HAND OVER POWER AFTER 17 YEARS

Sudanese ready for civilian rule

BY JOHN MURRAY BROWN IN KHARTOUN

SUDAN'S generals look set to keep to their word when this weekend Gen Abdul Rahman, the interim Head of State, is to hand over to civilian power one year after the overthrow of President Jafar Nimeiri.

The elections just ended confirm what was long suspected: that, after 17 years of military rule, Sudan's body-politic is little changed. The two right-wing parties—Umma and the Democratic Unionists (DUP) which dominated the field in the 1960s—lead again today and look likely partners in a coalition government.

Mr Sadiff El Mahdi, Umma leader, is tipped as Prime Minister, a post he held briefly in 1968.

For all the talk of democracy, the map of Africa's largest country is still coloured by religious, not political, conviction.

Rigid voting patterns prevail. Umma *swept* the polls in the West, where Mr Sadiq, great-grandson of the Mahdi, Sudan's 19th century religious leader, counts on the *allegiance* of the Ansar sect.

DUP, with the backing of the Khatmia sect, was solid in the East and the North.

The fundamentalist National Islamic Front (NIF) with 20 per cent of the vote have emerged as a significant third force and observers believe it will play the role of kingmaker in any hung parliament.

That the elections took place at all while civil war continues is a measure of the wide belief that only democracy can heal the differences.

Voting was indefinitely postponed in 37 seats in the south.

Much will depend on the Government securing broad parliamentary support. An Umma alliance with their long time rivals the DUP looks most likely.

However, Mr Sadiq is said to favour a coalition with southern parties and the Communists, giving a *slim working* majority in the 301 member assembly.

Opposition to Islamic sharia law in the largely Moslem south remains a major stumbling block to talks with the rebel Sudan People's Liberation Army (SPLA). Mr Sadiq's position as a religious leader makes repeal of SHARIA extremely difficult.

NIF's control of key seats in the capital, Khartoum, where traditionally governments are made and won, is considered critical.

Urban consumers for whom the war has little direct impact remain a powerful lobby, and will want to see the economy revived.

In 1968 Mr Sadiq enjoyed a healthy trade surplus. Today even with massive foreign assistance the country is unable to service its 9bn (£6bn) foreign debt.

In February, after the country failed to meet deadlines on interest payments, the IMF declared Sudan ineligible for further loans.

Mr Sadiq's ties with Saudi Arabia and the US, the country's principal donors, will stand him in good stead. However, his improving relations with Libya are causing concern in Washington and Cairo.

A bumper crop this year and continuing oil supplies from Saudi Arabia will give the new Government a welcome cushion through the difficult first months.

But with no end to the war and the economy showing few signs of improvement, Sudan's disaffected may look to the army once again to provide strong government and resolve the country's problems.

WHITE PAPER ON URBANISATION PUBLISHED

S. Africa acts to end pass laws

BY ANTHONY ROBINSON IN JOHANNESBURG

WITH THE publication yesterday of its White Paper on urbanisation, the South African Government formally committed itself to scrap influx control and embrace a policy of "orderly urbanisation."

The new policy requires the repeal of 34 laws and proclamations which hitherto have restricted the right of blacks to live and work in "white" South Africa and provides for the replacement of passbooks by a uniform identity document for all population groups. Some 245 black prisoners to be held in jail for various pass offences are to be released in the next few days as a result of this major effort of de-criminalisation which ends a 60-year period under which over 18m blacks served prison terms for pass offences.

Mr Heunis: "not a free-for-all to settle anywhere"

Mr Chris Heunis, Minister of Constitutional development underlined however that freedom of movement "should not be seen as a free for all and a no-holds-barred opportunity to settle anywhere at any time."

For a start, the Group Areas Act, which divides towns and cities into racially segregated residential areas, will remain in force. Local authorities furthermore "will have a continued responsibility to ensure that development takes places in a planned, civilised and positive way," he said.

Relying on estimates prepared by last year's President's council report on urbanisation, the Government believes the end of influx control will seen an increase of between 17 and 32 per cent in the inflow of blacks to towns over the numbers which would have moved to the towns illegally had influx control remained in force. "I think the country will be able to handle that," Mr Heunis said. "Squatting, defined as the illegal occupation of land *or building for living purposes*, will still not be allowed," he added.

However, Mr Heunis said much more land will be made available for the expansion of towns and cities. Building regulations and other standards will be applied more flexibly. This will lead to "informal housing," which means that people will be allowed to build houses they can afford and be *encouraged* to *upgrade* when they can afford it.

In a speech last August in Durban President P. W. Botha announced that R1bn (£333m) would be set aside over the next five years to buy land and improve black housing conditions. This sum will now be spent in three years, officials said yesterday.

An example of government thinking on "orderly urbanisation" is to be found at Khayelitsha which has risen from the sandy flats 35 kms from Cape Town over the last 18 months. In addition to 5,000 conventional "core houses," with provision for self-build extensions, the Government has laid out over 14,000 "site and service" plots.

Supplied with gravel roads, toilets and clean water, the sites are leased to poor people to erect tents and build makeshift homes close to schools, shops, clinics and other infrastructure. They are surrounded by a 10-foot high security fence and patrolled by the army and police.

It is to places like this that the Government hopes to direct the millions of blacks who formerly lived illegally in white South Africa and rural areas.

Legislation to be passed this session will give freehold property rights to blacks, and land will be purchased for existing townships to expand and others to be created. The *relaxation of building* and other standards means that in future population densities will be higher and "sub-economic" groups will start off with site and service plots.

The White Paper recognises that "orderly urbanisation" also requires the upgrading of living conditions and infrastructure in rural areas and small towns while the industrial "decentralisation" policies will be extended in an effort to create more employment away from congested industrial conurbations.

A question mark still hangs over the rights of citizens of the four "independent homelands," Transkei, Venda, Bophuthatsmana and Ciskei—who are considered aliens under existing laws.

Last September President Botha offered to restore South African citizenship to them, but the outcome depends upon negotiations which are still continuing with the various homeland presidents. Over 3.3m citizens of the homelands live in South Africa, many having been born in the republic and never having even visited the homelands of which they are legally citizens.

A key aspect of the urbanisation policy is the devolution of powers to local authorities. Provision is being made by legislation going through parliament to amend the 1982 Black Local Authorities Act and create city, town and village councils with enhanced powers, and a provincial structure modelled partly on the French prefectorial system.

This could lead to considerable regional and local differences in interpretation, with the more conservative white local authorities and police drawing on their well-honed experience of making the most restrictive possible use of any law affecting blacks.

Having accepted the inevitability of black urbanisation the government hopes that removal of the hated pass laws and encouragement of self-help urbanisation will help to channel black anger into more constructive channels. The private sector is also urged to play a major role in providing black housing and infrastructure which could provide a boost to economic activity generally.

Police seal off township

Police sealed off the black township of Alexandra and residents stayed away from jobs and schools yesterday as arson and violence continued for a second day, AP reports from Johannesburg.

Police confirmed one death, a man who was found in his burned-out house. But residents said that eight blacks had been killed in attacks on anti-apartheid activists in the run-down township on the edge of Johannesburg.

Police said a white officer was seriously wounded in the stomach yesterday by a shot from an automatic rifle, and reporters said a white motorist was dragged from his car on the outskirts of Alexandra, beaten and stoned before police rescued him.

Arson attacks on houses continued, and one of the targets was the home of the Rev Sam Buti, who resigned as Alexandra's mayor on Tuesday. He had moved into new quarters last year after his house was fire-bombed.

Hong Kong law talks end amicably

By Robert Thomson in Peking

AN amicable end to the Hong Kong basic law drafting committee meeting here has defied speculation that serious divisions would emerge during the five-day gathering in the preparation of an outline of the basic law for Hong Kong after 1997.

Hong Kong members at the meeting of the 59-member committee had been angry that a proposed draft of the law was released to Chinese officials in Hong Kong, while they were not given a copy. However, the committee unanimously approved an outline of the basic law before the meeting concluded on Tuesday.

Ji Pengfei, chairman of the committee, claimed the gathering "achieved expected results." The approved outline "may be revised and adjusted according to problems that may come up in the drafting."

Ji said that it was "very natural" for differences of opinion among the committee's members." Since there are some differences in the way of thinking and working habits between the members from Hong Kong and the mainland who live in different social systems."

The committee has established five sub-groups to examine various matters related to post-1997: the relationship between Peking and the Hong Kong special administrative region, as the territory will be known: the basic rights and duties of Hong Kong residents: the region's political system: economic issues: and cultural issues, including the region's flag.

Australia, Indonesia row abates

Australia yesterday welcomed Indonesia's decision to revoke an order stopping visa-free entry of Australian tourists, writes Reuter from Sydney. Dozens of Australian holidaymakers were forced to return home after arriving in Bali on Tuesday night when Indonesia abruptly imposed visa restrictions in protest against an Australian newspaper article which it found insulting to President Suharto.

NZ budget in July

New Zealand's 1986-87 budget is likely to be presented in July, Finance Minister Roger Douglas told Reuter in Wellington. He said the budget had been delayed by a very significant review of government spending but gave no details.

Algeria cuts back

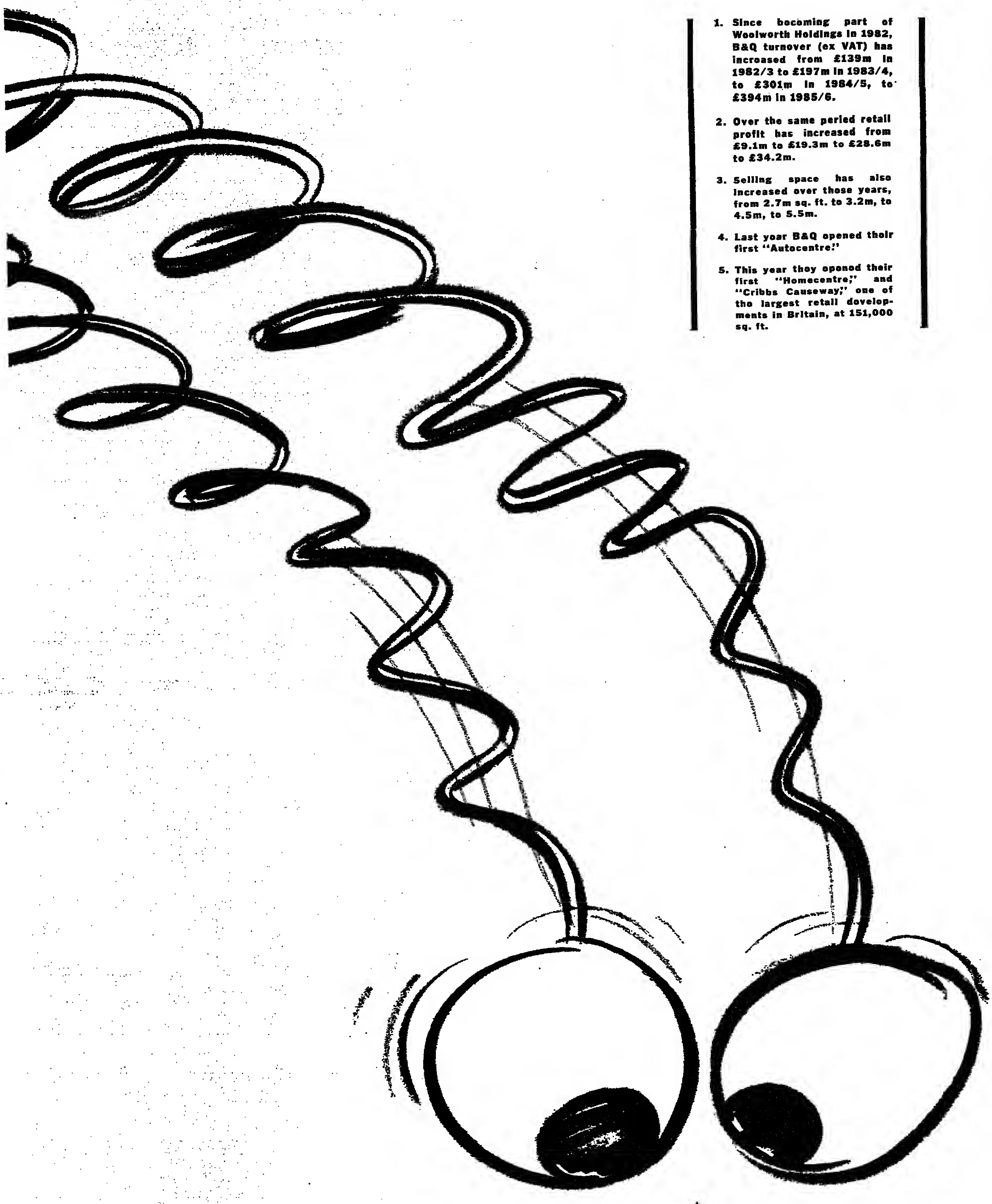
Algeria's 1986 budget will be cut back by about 20 per cent as a result of falling oil prices, according to an *official* APS news agency report quoted by Reuter in Algiers. Parliament was told that state revenues were estimated at 26 per cent less than when the Finance Bill was approved in December.

Egypt currency move

Egypt yesterday barred banks from selling foreign currency to Egyptians travelling abroad, saying the measure would save the Treasury $80m annually, central bank officials told Reuter in Cairo.

JAL air checks

Japan Air Lines plans to increase inspections on aircraft ordered from Boeing because of the 747 jetliner which crashed in central Japan last August, killing 520 people, an airline spokesman told AP in Tokyo.



1. Since becoming part of Woolworth Holdings in 1982, B&Q turnover (ex VAT) has increased from £139m in 1982/3 to £197m in 1983/4, to £301m in 1984/5, to £394m in 1985/6.
2. Over the same period retail profit has increased from £9.1m to £19.3m to £28.6m to £34.2m.
3. Selling space has also increased over those years, from 2.7m sq. ft. to 3.2m, to 4.5m, to 5.5m.
4. Last year B&Q opened their first "Autocentre."
5. This year they opened their first "Homecentre," and "Cribbs Causeway," one of the largest retail developments in Britain, at 151,000 sq. ft.

THERE'S MORE TO WOOLWORTH THAN MEETS THE EYE.

B&Q
COMET
WOOLWORTHS
WOOLWORTH HOLDINGS PLC

AMERICAN NEWS

Federal arrests 'smash' international arms ring

BY TERRY DODSWORTH IN NEW YORK

THE US federal authorities claim to have cracked an international arms ring alleged to have been plotting to deliver \$2.5bn (£1.65bn) worth of sophisticated weaponry to Iran.

The charges were brought against 17 suspects in the New York courts after nine errests under the embargo regulations on US arms sales to Iran earlier this week. A further eight suspects remain at large.

Mr Rudolpb Giuliani, the activist US attorney for Manhattan who has taken a leeding role in recent moves against the US Mafia, said that the plots involved American-made weapons now in Israel end three unspecified countries.

Mr Giuliani stressed that there was "no suggestion of involvement by the Israeli Government" in the affair, although it was widely noted that several Israelis figure on the charges, including Mr Avrahom Bar-Am, a retired Israeli general. Mr Bar-Am was arrested earlier this week in Bermuda with two other Israeli subjects accused of obtaining false documents for arms shipments.

Other alleged conspirators picked up in Bermuda and New York include Mr Samuel Evans, a London-based lawyer, and nationals from the US, West Germany, Britain, France and Greece. They face maximum prison terms of five years and \$250,000 fines if convicted.

The charges are believed to be the largest ever brought in an arms smuggling case, and came after a period in which the US Customs Service has stepped up efforts against illegal arms smuggling through its special investigations division.

Around 120 plots have been uncovered since 1981, according to the justice department, including equipment for the IRA, Libya and some Communist countries.

Iran, however, is reckoned to have become the largest customer for US military contraband, largely because the war with Iraq means it needs replacements for US weapons systems supplied under the late Shah's regime, but now embargoed.

Mr Giulini refused to say whether the alleged arms dealers had the capacity to deliver the weaponry listed in the indictments, although be said that some of the arms were described by suspects as ready for inspection.

The equipment said to have been ordered involved more than 100 aircraft, including F-4 and F-5 fighters, Skyhawk fighter-bombers, Maverick guided bombs, Bell helicopters, M-48 tanks, recoilless rifles and a number of different kinds of missiles.

Lynne Richardson in Tel Aviv adds: "Israel has no direct, indirect or tacit connection or involvement" in the affair of arms smuggling to Iran, Mr Menachem Maron, director general of the Defence Ministry, said in Jerusalem yestorday.

Israel Radio reported that Mr Bar Am had been cited for bravery during the Six Day War of 1967 and the October War of 1973. He apparently left the professional army six years ago, after being censured for illegal possessioo of weapons. The radio said that a year ago Mr Yitzhak Rabin, the Defence Minister, signed a permit allowing Mr Bar Am, a freelance arms merchant, to give advice on military equipment and know-how but it did not permit him to deal in arms.

The other two Israelis are named as Mr Israel Eisenberg and his son Guri, who were both involved in insurance in Jerusalem. Mr William Northrop, an American citizen is another suspect also resident in Israel.

Reuter reports from Tehran: Iran "strongly denied" involvement in a plan to buy more than \$2bn-worth of US warplanes, missiles and tanks, Kayhan newspaper reported.

Mexico asks for \$1bn loan from Japan

MEXICO has appealed to Japan for a \$1bn (£662m) loan to help it cope with its most severe economic crisis this century, Reuter reports from Tokyo.

Mr Jesus Silva Herzog, the Mexican Finance Minister, told a Tokyo news conference yesterday: "We need it. And I think . . . Japan can do it." He said Mexico was turning to Japan, which could benefit most from the recent decline in oil prices, because his country faced a loss of \$6bn to \$8bn in overseas earnings this year because of lower prices and output.

Mr Silva Herzog, who arrived on Sunday for a six-day visit and held discussions on Monday and Tuesday with his counterpart, Mr Noboru Takeshita, said: "We had never anticipated that the decline in the price of oil was going to be so abrupt or so sudden."

The price decline would halve the Government's tax revenues from oil and severely damage the country's economy, he said.

Mexico, however, could weather the crisis. "We are convinced that Mexico is not only oil," he said, "but has many other possibilities to grow in economic and social development."

Asked about the Japanese Government's response to the appeal, Mr Silva Herzog said: "We have received a very constructive and positive reaction," but said that no specific commitments had been made. "We are confident we will be able to receive the support of the Japanese," he said.

The \$1bn would be used to fund three projects. The Pacific Petroleum Project is designed to improve Mexico's Santa Cruz oil refinery and the transportation system from the Gulf of Mexico to the Pacific Ocean.

The second involves further development of a steel mill in the Pacific coast area, while the third is an export promotion scheme which would be undertaken with co-financing from the World Bank.

Japan's Export-Import Bank sent a team to Mexico earlier this year to begin an investigation into its request for \$500m for the Pacific Petroleum Project.

Shultz rebuffed on Saudi arms

Mr George Shultz, US Secretary of State, urged Congress yesterday to allow delivery of \$354m (£234.4m) in arms for Saudi Arabia but a House subcommittee approved a measure to block the sale.

"This sale will send clear political signals," Mr Shultz said in a letter to the subcommittee. "To Iran, to deter expansion of its war with Iraq, to Saudi Arabia and other moderate states to bolster their resolve and reaffirm our reliability and credibility."

But the House foreign affairs subcommittee on Europe and the Middle East, in an unrecorded vote, approved a resolution to block the sale of advanced anti-aircraft and anti-ship missiles.

Opponents of the sale accuse Saudi Arabia of providing money for guerrillas in Libya

Congress moves towards open debate on Angola aid

A US Congress subcommittee has approved a bill that would force President Ronald Reagan's covert military aid programme for Angolan rebels into the open, Reuter reports from Washington.

The House foreign affairs Africa subcommittee voted six to four in favour of the measure introduced last month by the committee chairman Mr Lee Hamilton, an Indiana Democrat. The call for open congressional debate on the issue has already been approved in his committee.

"The Administration's approach on Angola has been to make a significant foreign policy change and, apparently, to support a covert war in Angola by bypassing the Congress and excluding it from the decision-making process," Mr Hamilton told the subcommittee before the vote.

The Administration notified the congressional intelligence committees of a \$15m (£9.98m) military aid plan for the National Union for the Total Independence of Angola, whose leader, Mr Jonas Savimbi, received a White House welcome earlier this year.

Mr Reagan hailed Mr Savimbi as an anti-Communist freedom fighter for his 10-year-old battle against the Cuban-backed Angolan Government.

Mr Hamilton's bill, expected to pass the full foreign affairs committee in a vote today, does not specifically bar covert aid to Unita. But in view of congressional opposition to the support it could have that effect

The island government faces an uncertain future, writes Canute James

Protests unsettle Haiti's new rulers

THE HAITIAN GOVERNMENT, in a bid to reduce the 60 per cent unemployment rate on the island, has launched a massive road-building programme.

But the launch of the programme, backed by US aid money, has been met so far by violence and confusion with officials responsible for recruitment being forced to run for cover after being attacked by job seekers.

The programme is expected to create 6,000 jobs, but some 10,000 aspiring workers turned np at the Public Works Department in Port an Prince, the capital, on recruitment day.

"This is symptomatic of the problem the government faces," said Mr Guy Dibert, a Haitian businessman, who travels frequently between his country and the US. "Mr Namphy (Lt-Gen Henri Namphy, head of the provisional Government) has to deal with all these frustrated expectations, and be apparently cannot."

Lt-Gen Namphy, who has led the country since Mr Jean Clande Duvalier, the former president, fled to France 10 weeks ago, faces intense pressure from Haitians who want a clean break with the 29-year-rule of the former president and his father.

Diplomats in Port an Prince support Mr Dibert's conclusion that several of the recent publie protests and anti-government demonstrations in the capital bave become increasingly political in their organisation.

They also say that Lt-Gen Namphy, recently confined to bed by his doctors who said be was suffering from exhaustion, appears to bave been caught in the vice of neo and anti-Duvalierist anger.

"The Duvalierists are striking back," said one envoy. "They now find that they are losing many of the privileges and wealth which they got when the president was in office. But they are also emboldened by what they see as weakness on Mr Namphy's part. They think be is vulnerable."

Radio Soliel, tha Catholic run station which played an important role in the rebellion against Mr Duvalier, reported recently that young Haitians were being paid large sums to take part in public pretests against Lt-Gen Namphy's Government.

Tha make up of the Government, originally appointed by Mr Duvalier in one of his last acts as president, has been changed several times following protests that it represented "old guard" Duvalierists. But the edministration is still thought to be weak and unsettled.

Lt-Gen Namphy also faces opposition within tha armed forces, reportedly from politically ambitious officers who sympathise with the old guard.

Under attack from all sides, the interim odministration of Lt-Gen Namphy appears to be in real danger of falling apart.

"In doing business with government officials, I bed little difficulty finding people to talk to, providing I came bearing the right gifts," Mr Dibbert confessed.

"But since Mr Duvalier left, there is total chaos in the Government. No one seems to know who is in charge of what. Tho Government seems to be running around aimlessly like a chicken which has been suddenly beheaded."

Bnt Lt-Gen Namphy's administration is not without support — and from some very important quarters.

There is general acceptance that, for all its faults, the interim Government, with its base in the army, remains the only body which can maintain law and order. Diplomats say this has contributed to the Government's support.

Leading churchmen, who fanned the flames nf dissentent which unseated President Duvalier, also want the provisional administration to be given some breathing space.

"The church is now between th government and tha people, and can serve as an intermediary," said Mr Joseph Serge Miot, permanent secretary of the Haitian Bishops conference.

"The churcb's position is to give the government time to realise its promises," he addod.

Archbishop Francois Wolf Ligonde, a cousin of the former President's wife, said the fight against Mr Duvalier bad united Haiti, where about 85 per cent of the people are catholics.

"The most important thing now is to build a strong nation where everyone can hove access to basic necessities—food, housing, ednc ation, health and civil liberties," he said.

Some of tho country's sterpest anti-Duvalierists have apparently also conclnded that whila Lt-Gen Namphys ruling council is not the most effective government, there is no immediate alternative.

Dr Hubert de Roncery, o former Duvalier minister turned critic, and frequently harassed in the last months of the regime, bas also suggested that the interim government be allowed to try to bring some order to running the country.

Bnt these critics and the former regime, and the church, are clearly boping that Lt-Gen Namphy will complete his assignment as a temporary government and rewrite tho constitution and organise elections.

Mr Namphy has not publicly said when this will be, but government officials bave suggested that elections could take place between November and December of next year, with a new government taking office by January 1988.

Haiti will hold its first local elections for 29 years in May or Juno to pave the way for a presidential poll at an undecided date, a government official said, Reuter reports from Port-Au-Prince. He told reporters this week that the country's ruling council would also give 30-35 per cent pay rises to soldiers this month and eventually boost the size of the army from 7,000 to more than 10,000.

Local polls, restricted at first to tho southwest Grande-Ance district, will choose councillors and other officials with police and tax powers. They have not been elected since 1957, the beginning of the Duvalier regime.

Riot police open fire during Pinochet's visit

BY MARY HELEN SPOONER IN SANTIAGO

AT LEAST five peopla received bullet wounds and more than 60 were arrested in anti-government demonstrations on Tuesday during a visit by General Augusto Pinochet to Temnco, an agricultural city in southern Chile.

A group of abont 200 demonstrators, mostly nniversity students, gathered a few blocks from the squara where Gen Pinochet was speaking. Witnesses reported the president's speech was interrupted by the sound of gunfire and the demonstrators' shouts as they were dispersed by riot police and army troops stationed in the area.

A government spokesman later estimated that 5,000 people had turned out to welcome Gen Pinochet and pnt the number of anti-government demonstrators at 20 or 30. Prior to Gen Pinochet's arrival, army troops occupied Temuco's cathedral for several hours.

Quebec to change law on English language schools

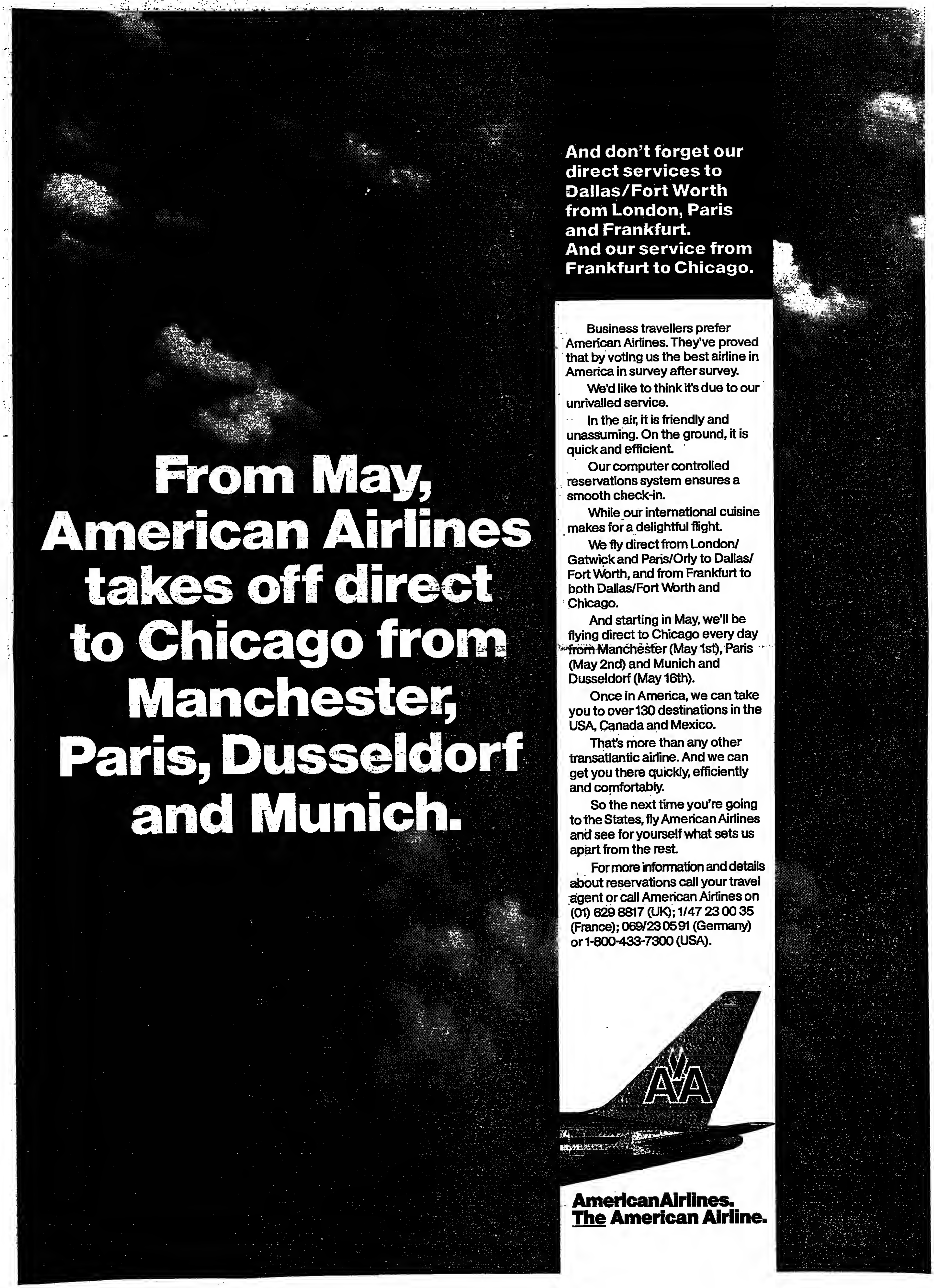
BY ROBERT GIBBENS IN MONTREAL

THE new Bourassa Government will make a key change in Quebec's language legislation to enable children of parents edncated in English anywbere in Canada to attend English-language schools in the province.

In 1984 the Supreme Court of Canada rejected a section of Quebec's Bill 101 which sinca 1977, had limited publicly financed English education to the children of parents ednc ated in English in Qnebec. However, the separatist Parti Quebecois Government did not change the law and the restriction created severe difficulties for major corporations wanting to transfer English-speaking staff to Montreal.

In 1977 many immigrant parents defied Bill 101 by sending their children to private English schools in Mootreal and about 1,500 children became known as the "illegals."

The change in Bill 101 will allow them to join the publicly financed English education system.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WORLD TRADE NEWS

Billion-dollar boost for Third World

BY CHRISTIAN TYLER, TRADE EDITOR

A BILLION-DOLLAR insurance agency designed to encourage companies to invest in the poorer countries of the world is being hatched under the wing of the World Bank in Washington.

The idea had been gestating for 20 years when Mr A W ("Tom") Clausen, president of the Bank, pushed it forward in the autumn of 1981. Barring accidents, the agency will start work before the end of this year—a testimonial to the president who retires at the end of June.

But the birth of the Multilateral Investment Guarantee Agency (Miga) will not be just a sentimental event. It will be seen by many as a sign that foreign investment is losing its imperialist connotations and becoming accepted by developing countries as a sensible alternative to punishingly expensive bank borrowing.

Foreign private investment in the developing world has been falling alarmingly: between 1981 and 1983, for example, new investment dropped from $17bn ($11.26bn) to $8bn and $9.3bn in 1984.

The agency will not only insure foreign investment in the form of capital and technology for economic development.

It will also promote investment and offer advice: the implied intention is to show countries with restrictive regimes that it is possible to attract, to keep, and to benefit from, the foreigner. Many Third World governments are still afraid that their local enterprises would be trampled underfoot.

In order to start in business, Miga needs five rich countries and 15 developing countries to sign up, with a combined subscription of 333m Special Drawing Rights (£236.8m) or a third of the total share capital.

By this week, Miga had four rich countries on board—Canada, Britain, Italy and the Netherlands — and 17 others, ranging from Saudi Arabia to Grenada.

Officials in Washington say they are particularly heartened by the signatures of Chile, Uruguay and Ecuador, since the Latin Americans have been especially wary of foreign investment.

Although the addition of two or more big European countries would be enough to trigger the launch of Miga, everyone seems to be waiting for the US.

Authorising legislation is before the US Congress, but has become entangled in a wider trade Bill and is being "used as a football," according to a World Bank spokesman. The US president could sign without Congressional approval, but would prefer to have it.

The agency would insure investors against political, not commercial, risks. Political risk includes war and civil disturbance—but not acts of terrorism unless the Board agrees otherwise in certain cases—expropriation, currency transfer delays caused by the host government, and contract repudiation by the host where there is no reasonable recourse.

Most, but not all, of the investor's loss would be covered—the ratio has yet to be decided. The kind of investment eligible has also to be defined, but would probably include equity loans as well as equity, and machinery, services and technology as well as money capital.

New kinds of investment like franchising, licensing, leasing and production-sharing could also be included, but not agencies or distributorships set up mainly to channel exports to the host country.

Mr A. W. ("Tom") Clausen . . . pushed plan forward

Miga is supposed to be self-financing, meeting claims out of the premiums it will charge the investors. It will be allowed to issue guarantees worth up to one and a half times its subscribed capital to begin with, but up to five times eventually.

There would be two kinds of insurance cover that provided by the agency on its own account, and guarantees issued by Miga, but "sponsored" by member countries.

Sponsorship would allow member countries in effect to insure their own companies' overseas investments if they chose (for example, if they have no national scheme of their own), and to insure investments that were not so strictly developmental as Miga's own portfolio.

The agency is supposed to complement, not compete with, the national insurance schemes to be found in most developed countries.

That would suggest the scheme's main users will be companies in one developing country who want to invest in another—which is not really the point of Miga at all.

National schemes, however, may be inadequate. For instance, a UK scheme run by the Export Credits Guarantee Department (ECGD) has insured only 10-15 per cent on average of new British overseas investment since it was set up in 1972.

At the end of the last financial year, the UK scheme had an estimated 150 agreements, compared with 159 the year before, and a maximum liability of some £160m. Its low market share may be due as much to investors' ignorance as anything else.

"There are limits to what national schemes can take on in terms of size of investment or risky markets," an ECGD official said. "Miga may be able to take on more."

The new agency, which will be housed by the World Bank but be run independently, will co-operate not only with national schemes but also with the fast-growing private market in political risk cover, especially in co-insurance and reinsurance.

Even if the aims of Miga have been widely applauded, there appears to be little concrete evidence of investor demand for such an agency.

It may be that the existence of an international insurance scheme will have only a marginal influence on the decisions of businessmen in the industrialised countries.

Officials admit they do not know how much business the agency will attract. But even if business is less than brisk, Miga could find itself playing an important part in the broader debate between trading nations about lifting the barriers to direct investment worldwide.

China in bid to set up steel plant venture

By Robert Thomson in Peking

CHINA, WITH the help of Hong Kong shipping magnate Sir Yue-kong Pao, has approached foreign companies and governments in a bid to put together a foreign consortium and financing package for a joint venture to build a $4bn (£2.6bn) steel plant at Ningbo, a southern coast deep-water port.

Chinese officials say Sir Y. K. Pao, a native of Ningbo, visited the port city and was impressed with the potential for building the plant, which has a planned annual output of 3m tonnes.

Observers suggest that the Communist Party General-Secretary, Hu Yaobang, will raise the issue of soft financing for the plant during his coming visit to Britain.

Ningbo officials indicated that Sir Y. K. Pao would not have a share in the project. The Deputy Governor of Zhejiang Province, Li Debeo, said Sir Y. K. Pao has had discussions in London on financing for the project, and said that plans for the plant were progressing well.

China's Ministry of Metallurgical Industry has been pushing both Ningbo and Shijiusuo, in Shandong Province, to the north of Shanghai, as the most likely sites for China's next major steel mill, now that the first stage of the huge Baoshan plant at Shanghai has been completed.

Several Australian companies, including BHP and CRA, have been encouraged by Chinese officials to take a stake in the Ningbo plant, while Ningbo authorities have had discussions with West German, Austrian and, apparently, Japanese companies.

US blocks Gatt wine ruling

BY WILLIAM DULLFORCE IN GENEVA

THE US lost a wine industry dispute with the European Economic Community in the General Agreement on Tariffs and Trade (Gatt) yesterday but blocked adoption of the Gatt finding.

The US said it had not received satisfaction in earlier disputes about EEC subsidies on exports of wheat flour and paste products.

Delegates from several other countries to the Gatt subsidies committee agreed with the US that Gatt rules on subsidies were being ineffectively applied.

It is becoming increasingly evident that the subsidies distorting free trade will be an important issue in the multilateral trade negotiations due to begin in September.

The wine industry dispute concerned amendments to the US Trade and Tariff Act introduced in 1984. They appeared to extend the definition of the word "industry" to allow US grape growers as well as US winemakers to file anti-dumping complaints against foreign wine imports to the US International Trade Commission.

The EEC objected that the extension of the definition broke Gatt rules under which only industries making "like products" can pursue anti-dumping or anti-subsidy cases against each other.

The American Grape Growers' Alliance for Fair Trade filed a petition with the ITC last September alleging that table wines imported from West Germany, France and Italy were being subsidised and sold in the US at less than their fair value.

The ITC dismissed the case but the grape growers have lodged an appeal with the US Court of International Trade.

The US told the Gatt panel examining the matter that no countervailing action had yet been prompted by the 1984 amendments to the Trade and Tariff Act, so that the EEC complaint was purely hypothetical. The EEC claimed that the amendments set a precedent and created uncertainty.

In refusing to accept the Gatt finding in favour of the EEC, the US representative said Washington had decided after waiting three years for settlement of its wheat flour and pasta disputes with the EEC that the only way to fight subsidies was for the US itself to subsidise.

The export enhancement programme recently launched by the Reagan Administration reflected US frustration with the Gatt subsidies committee's failure to deal adequately with the cases brought before it, the US representative said.

UK warns on trade talks agenda

BY CHRISTIAN TYLER

BRITAIN is to advise the US Administration that success in the proposed world trade negotiations could depend on dropping two controversial items from the agenda.

During a visit to the US early next week, Mr Paul Channon, UK Trade and Industry Secretary, is expected to warn the Americans that their insistence on including negotiations on direct investment and on intellectual property rights could discourage developing countries from taking part.

Identifying the two troublesome issues yesterday, Mr Channon said: "I believe the agenda should not be overloaded." But he reaffirmed British support for other subjects such as trade in services that the US wants to see debated in the General Agreement on Tariffs and Trade (Gatt).

"I think that the developed countries have got to think very carefully about what items it is fruitful to put on the agenda."

Many developing countries argue that the Gatt, whose rules have traditionally covered trade in goods, is not competent to negotiate on investment, copyright or even services.

Mr Channon will also be raising the delicate political question of US claims to enforce its export control laws inside the UK.

The latest problem has arisen over a US Government request to send officials to the UK for a routine inspection of the books of six to 10 of the 3,000 British-registered companies who hold US licences to distribute electronic equipment.

Mr Channon said ministers had still not decided whether to refuse the request for an audit. But he repeated Britain's continued rejection of implied claims to extra-territorial jurisdiction and said he would be asking why the US could not make use of Britain's own "very good system."

The companies chosen for audit have apparently agreed reluctantly to the inspection, but now their trade associations are being asked to comment. Other European countries have refused to co-operate, according to an official.

Swan Hunter seeks Indian Navy contract

By John Elliott in New Delhi

SENIOR executives from Swan Hunter of the UK are expected to visit New Delhi next month to discuss the possible sale to India of either the design or the construction of a ship similar to the Royal Navy's Invincible class Ark Royal aircraft carrier.

This follows the signing at the weekend of an order worth up to £60m for the Hermes aircraft carrier which is now being refitted in Devonport Dockyard before being handed over to India in March next year.

India needs aircraft carriers to serve in the strategically sensitive Indian Ocean and to support more than 40 Westland Sea King helicopters, worth about £360m, and 19 Sea Harrier jump jets costing up to £200m.

The UK has been delivering these aircraft over the past three years together with Sea Eagle missiles, and more orders are expected.

India already has the Vikrant aircraft carrier bought earlier from the UK.

There will be stiff international competition for the order but Swan Hunter will argue that the Ark Royal is the most suitable design because it is geared to the Sea Kings and Sea Harriers.

Ericsson wins Mexico orders

BY DAVID BROWN IN STOCKHOLM

L. M. ERICSSON, the Swedish telecommunications and information systems group, has announced a series of contracts worth a total of $190m (£126m) to supply digital AXE telephone exchanges and other transmission equipment to Telmex, the Mexican telephone administration.

The orders are in the context of the country's previously decided system choices for network development, but also include four digital AXE exchanges which have been supplied as part of an emergency programme to deal with the devastation caused by last year's earthquake.

The largest of the three orders is a turnkey contract for digital local and transit exchanges, and several computerised operation and maintenance centres.

The exchanges, to be installed next year, will provide a total of 230,000 subscriber lines. A second order covers analog switching equipment, as well as digital and analog transmission systems, also to be installed in 1987.

Equipment covered by these two orders will be manufactured in Mexico by Teleindustria Ericsson the group's subsidiary there.

The four digital transit exchanges and transmission equipment have already been supplied as part of the effort to restore telecommunications services following the 1985 disaster, and were financed by a World Bank loan.

● Flakt, a subsidiary of the Asea electrical engineering and electronics group, has announced orders worth about SKr 210m for paint equipment from a number of international automobile manufacturers, mainly in West Germany and the US.

The largest, worth SKr 90m (£7.8m) involves paint chambers for BMW of West Germany.

Fujitsu, ITT in Singapore battle

BY CHRIS SHERWELL IN SINGAPORE

A FIVE-cornered contest for a major switching contract from Singapore's Telecommunications Authority (Telecoms) is shaping up into a major US-Japanese battle between ITT and Fujitsu.

The contract, to supply 250,000 lines of digital switching equipment, is worth well over S$100m (£32m) and is likely to be double that if an option on a further 200,000 lines is included.

Installation of the equipment will replace and modernise the existing analog network, and is part of a programme leading to Singapore's acquisition of an Integrated Services Digital Network (ISDN), which will combine voice, data and eventually video over telephone lines.

The island-state is one of only a few countries committed to such state-of-the-art technology, which is a cornerstone of the so-called Information Revolution. Telecoms is spending a total of S$3.3bn in the current five years, on optical fibres, submarine cables and digital switching.

The switching contract was put out to tender in August 1984 and attracted bids from Fujitsu, Standard Elektrik Lorenz (ITT's West German subsidiary), CIT-Alcatel of France, L. M. Ericsson of Sweden and Northern Telecom of Canada.

Fujitsu is seen as the company to beat because it won an earlier deal worth some S$200m.

Ulster Unionists reveal new protest campaign

BY OUR BELFAST CORRESPONDENT

ULSTER UNIONIST leaders yesterday announced a series of measures to strengthen their opposition to last November's Anglo-Irish agreement, which gives the republic a say in the affairs of Northern Ireland.

The Rev Ian Paisley and Mr James Molyneaux, leaders respectively of the Democratic Unionist Party and Official Unionist Party, announced the intensification of their campaign even though they are likely soon to resume talks with Mrs Margaret Thatcher, the Prime Minister.

The 12-point package, revealed in the Northern Ireland Assembly, includes the withholding of rate (property tax) payments, economic sanctions against the Irish Republic, a publicity campaign and resignations by Unionists serving on area health and education boards.

The Unionist parties will continue their policy of repeatedly adjourning meetings of district councils on which they have a majority. A further series of protest rallies is to be organised and a "day of prayer" on May 3.

The way in which economic sanctions against the republic migbt operate was not revealed. However, the move appears to represent formal Unionist backing for calls by some loyalist groups for a hoycott of goods manufactured in the republic.

Other measures, such as the withholding of television licence and annual car tax payments, bave been considered. Whether they will be introduced depends on the progress that the Unionist leaders achieve in talks with the Government.

A reply from Mr Paisley and Mr Molyneaux to Mrs Thatcber's offer of discussions is believed to be on its way to Downing Street. The details have yet to be released.

● The Irisb Republic has condemned the killing by the IRA of a Royal Ulster Constabulary (RUC) inspector early yesterday in probably the strongest terms yet used by Dublin, Hugh Carnegy writes.

The statement by Mr Peter Barry, the Foreign Minister and co-chairman with Mr Tom King, the Northern Ireland Secretary, of the Anglo-Irish conference, was a deliberate signal that the republic is behind tbe RUC as it comes under violent attack by both the IRA and loyalists campaigning against the Anglo-Irish agreement.

Lords' report calls for moves to halt shipping industry slump

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE GOVERNMENT sbould strongly consider measures to stop the decline of the UK shipping and shipbuilding industries, said a House of Lords committee report published today.

Drawn up to accompany the EEC's development of a common maritime policy, the report by the European Communities Committee of the Lords expressed serious concern about the state of the industries. Tbere was a strong case for a wide-ranging examination of the problems in shipping, it concluded.

It called on the Government to think hard about giving the shipping industry assistance for its defence support role. If the drift from EEC flags to flags of convenience continued, "the United Kingdom merchant fleet will shrink to a dangerously low level."

The report said the fall in the UK fleet could cause problems in an emergency. "Despite Government assurances, the committee foresees that there would be considerable difficulty in finding the necessary British crews to man ships wbich have been registered under flags of convenience."

The committee drew attention to the low world ranking of UK shipping compared with earlier decades. Thirty years ago, 20 per cent of shipping was under the UK flag. Ten years ago it was 10 per cent. Now it is under 4 per cent.

Evidence gathered in the report's preparation also indicated the level of concern over the fall in the size of UK maritime industries. Lord Kearton, a member of the committee, suggested to Mr Graham Day, chairman of British Shipbuilders, that European Governments would have to help shipping and shipbuilding, since the decline would continue if market forces had full sway. Lord Kearton added: "Otherwise, our shipbuilding will go the way of motorcycles." Mr Day replied: "That is right."

The House of Lords will debate the report on May 6. The committee will want to know the Government's answers to two of its recommendations; that it considers tax incentives for owners to invest in modern tonnage, and longer periods for repayment of shipbuilding loans.

Recent budgets bave removed some of the tax advantages that shipping enjoyed, and the industry has complained that it is now worse off in fiscal terms than competing countries.

Ferranti GTE signs marketing deal

FINANCIAL TIMES REPORTER

FERRANTI GTE has signed a marketing and distribution agreement for its new Omni private automatic branch exchange (PABX) with Norton Telecommunications.

The agreement is for three years and is expected to involve the sale of equipment worth about £30m.

The digital exchange, which was developed in Belgium, will be marketed under the Norton name NTX30 and the company will have exclusive marketing rights on exchanges of up to 143 lines.

Mr David Plews, managing director of Ferranti GTE, a joint venture between Ferranti and GTE of the US, said yesterday: "We chose Norton to distribute the Omni in the light of their proven experience in the small-medium PABX marketplace in terms of marketing, maintenance and support."

Apart from general business use, the exchange is also aimed at specialist markets

Carlton to sell home satellite dishes

By Raymond Snoddy in London

CARLTON Communications, the video technology and television production company, is planning a major move into the satellite receiving equipment market.

Carlton, which last year was thwarted in its bid to take over the independent Thames Television, is planning to invest around £5m ($7.5m) to try to create a consumer market for domestic satellite dishes which can receive up to 20 additional channels of television.

Carlton has bought Skyscan, a small satellite equipment company set up by Mr Terry Goldberg, and has already placed orders for 10,000 remote controlled satellite receivers.

Viewers can move the 1.2 metre motorised dishes automatically between the two main television satellites ECS-1 and Intelsat 5 from their armchairs.

The Carlton initiative is by far the biggest move so far into the market for satellite dishes. At the moment there are probably less than 1,000 individual satellite dishes in use in the UK.

"We believe there is definitely a market out there", said Mr Michael Green, chairman of Carlton.

BA chief optimistic on prospects for US passenger traffic

BY JAMES McDONALD

AIRLINE security in every sector had been tightened up, Mr Colin Marshall, chief executive of British Airways, said in London yesterday at the Financial Times' conference on prospects for tourism in Britain.

"In regard to travel from the US," he said, "our passenger loads have only been a few percentage points below what we expected. We do not expect to see a fall of much more than 10 to 15 per cent from the US in the immediate future."

Mr Marshall added, "By July, barring any further major incidents, we think there will be a pent-up demand which, for the summer as a whole, will keep us roughly even with last year."

Holiday bookings from the US for Mediterranean destinations were down. "We think they will be substantially depressed for the entire summer season," Mr Marshall said.

"The issue for all of us is that the problem of terrorism cannot be solved by any one country, regardless of the methods it employs. We all have a stake in the prevention of war hy means of terrorism and until we all band together to do something about it, we will find ourselves dealing with potentials that more than tax our abilities to cope."

Lord Montagu, chairman nf English Heritage, told the conference that Britain would not be where it was today in the international tourism league without its historic buildings, churches, cathedrals, museums, townscapes, landscapes and its theatres.

"Our heritage has also helped to maintain the strength of the domestic holiday market. Far more ground might have been lost to foreign holidays in recent years but for the attractions of our heritage for so many of our own people."

Mr Michael Herbert, chief executive of Madame Tussaud's – part of the Pearson group of which the Financial Times is also a member – said: "My view is that, if you are in business to attract visitors to a place, you should be aiming first and foremost to maximise the income from admission. This may seem obvious but it is surprising how many attractions fail to accept the point.

"I do feel that many tourist attractions, particularly in what I would call the heritage category, are undercharging for what they offer."

FINANCIAL TIMES CONFERENCE

TOURISM

Mr John Murphy, also a director of Madame Tussaud's, stated: "The truth of the matter is that tourism has only recently emerged as something that it recognisably an industry. It was, perhaps, rather looked down on in the past as not an occupation for gentlemen."

Mr Victor T. C. Middleton, an associate in Ventures Consultancy and a consultant to the Welsh Tourist Board, said that domestic holidays in Britain had been the declining sector of UK tourism, "reflecting a deep-rooted and powerful consumer preference for holidays abroad, stimulated by the marketing expertise of tour operators."

The evidence showed, he said, that this decline had been concentrated in the main holidays, most of them taken in the summer months. Additional holidays, from one to three nights or longer, had increased substantially.

Mrs Honor Chapman, a partner in Jones Lang Wootton, chartered surveyors, said that a potentially powerful force in tourism development was lacking: "Money specifically for the property component, backed by developers, institutional investors and firms such as my own."

Mr Tommaso Zanzotto, president of travel related services in Europe, Middle East and Africa for American Express Europe, told the conference that a research programme last year found that Britain and Europe's dominance of world tourism was under challenge.

"The growth sector is long-haul travel where Europe faces aggressive competition. Furthermore, Europe's most valuable long-haul market, the US, appears to be wavering."

Yesterday's closing day of the conference was chaired by Mr Kenneth G. Robinson, managing director and principal consultant of Ventures Consultancy.

Kinnock attacks 'lean years' of Thatcher

By Philip Bassett, Labour Editor

THE GOVERNMENT is a "menace to the country now and a threat to this country in the future," Mr Neil Kinnock, the Labour Party leader, said yesterday.

Addressing the Scottish Trades Union Congress (STUC) conference in Aberdeen, Mr Kinnock mounted a scathing attack on the Conservative Government, accusing it of "incompetence" over Westland; "irresponsibility" over BL and "dangerous idiocy" over Libya.

He said that on May 3, Britain would have suffered by then seven years of Thatcherism – "seven lean years; seven mean years," in which swathes of industry had been wiped out, cuts had hit education and hospitals, and local government, public transport and social services had been squeezed.

In that time, national assets had been sold "with inducements that have amounted to bribes," while interest rates, crime, bankruptcy and poverty had soared to record levels. Most of all, unemployment had grown remorselessly.

Reversing that could be done only by a Labour Government – certainly not a Tory Government, with or without Mrs Margaret Thatcher, and not by "some sloppy coalition of limpid Liberals and soggy Social Democrats either."

Mr Kinnock said that the Conservatives' policies were "in tatters. Their monetarism is in ruins – so much so that they have turned to moral sermonising to try to explain the condition of our economy and our society."

He spoke strongly in support of the retention and development of manufacturing industry, and was sceptical about the Government's insistence on the value of service industries to employment – a view directly contrary to that expressed this week to the STUC by one of Labour's largest unions, Mr John Edmonds, of the General, Municipal and Boilermakers' Union.

Speaking later to the conference, Mr Kinnock said that the real answers to the problems created for Britain by the Conservatives were tough and would involve "planning and priorities.

"They involve investment and effort. They involve production, they involve freedom and fairness. Those answers are complex. They are costly. They are creative."

On Libya, Mr Kinnock said that Mrs Thatcher's agreement to the attack was "illegal" – "a lethal combination of deference and arrogance."

Labour sets out ideas on tougher takeover controls

BY PETER RIDDELL, POLITICAL EDITOR

TOUGHER CONTROLS on takeovers and mergers to ensure that the wider economic interests rather than just financial considerations prevail, were proposed last night by Mr Roy Hattersley, Labour's deputy leader.

Mr Hattersley told a City University audience in London that the recent wave of mergers was inhibiting the UK's industrial success by causing an obsession with short-term economic performance to the detriment of both long-term investment and research and development.

His approach was based on objections to market concentration, the indifferent record of mergers over the recent past and the increasing emphasis in the City of London and some major companies on merger activity rather than real growth.

His main proposal was that the burden of proof should be altered so that companies would, in future have to show the industrial or commercial gains that would come from any merger.

To support this proposition mergers above £15m would have to be pre-notified to the Office of Fair Trading which would then have 30 days in which to decide whether to refer the proposal for investigation by the Monopolies and Mergers Commission. In addition, pre-notification would be automatic for mergers covering more than 25 per cent of a regional or national market, or mergers that involved a foreign stake of more than 15 per cent.

Additional tripwires would require notification for bids which affected defence and strategic interests, acquisitions of national and regional newspapers and bids which were principally financial rather than commercial or industrial transactions.

Mr Hattersley said that mergers should be subject to recall and re-examination at some time after their approval. This would involve a reporting procedure to show whether or not the objective of a merger had been achieved in practice. In cases where the merger had failed it was possible to impose sanctions, such as the prohibition of price increases or price reductions.

Moreover, the power to break up undesirable monopolies should be maintained, though used rarely. He argued that these policies would in themselves reduce the number of merger proposals. He presented these ideas as part of a drive to improve competitiveness.

George Graham adds: Share ownership in the UK is much wider and more evenly spread than had been thought, according to a survey conducted for the Treasury earlier this year. The survey shows that more than 6m people – 14 per cent of the adult population – now own shares. A survey carried out in 1979 showed only 7 per cent of the adult population owned shares.

Marley's £54m bid wins control of Thermalite

BY LIONEL BARBER

MARLEY, the tiles and building products group, yesterday launched a £54m shut-out bid for Thermalite, the concrete block maker, trumping an earlier £44m agreed bid by Tarmac, the housebuilding and civil engineering group.

Marley sealed control by buying more than 58 per cent of the company's shares from a group of institutional holders. The swift agreement came after a Thermalite director, Mr Campbell Allan of Gartmore Investment Management, opposed the Tarmac bid in favour of a higher offer, several executives close to the deal said.

Wood MacKenzie, Thermalite's brokers, subsequently sounded out institutions to fix a higher price which led to yesterday's £50m cash offer, with a share alternative. Tarmac, whose shares dropped 20p to close to 476p, said it did not intend to pursue its offer.

The deal fits Marley's aim of concentrating on making and marketing building products.

Alexander Nicoll on how the Big Bang is a headache for those who will police the new markets

Litigation issue worries City regulators

THE SCENE is the new City of London after the Big Bang in the autumn and with a brand new self-regulatory system for London's securities markets.

MegaGlobal Securities, a large US-based broker, is suspended for a week from trading in London by its UK self-regulatory organisation (SRO) – be it the London Stock Exchange or one of five other projected SROs – for a breach of discipline.

MegaGlobal, accustomed to the highly litigious atmosphere of the US, knows exactly what to do. It slaps a suit for wrongful suspension against the SRO and its executive officers and claims £100m damages for lost business and defamation. The court finds that the SRO, although it had not acted out of malice, did not have sufficient grounds for suspending MegaGlobal. It awards the damages.

Who is to pay? The SRO itself has virtually no assets. Its executives clearly stand to be more than bankrupted. Even if the costs were spread out among all the SRO's members, the losses could still be substantial. Indeed, if there was a risk of such liabilities, many firms might not join SROs at all, instead registering directly with the Securities and Investments Board (SIB) and effectively defeating the attempt to establish a system where the markets police themselves.

No insurance company would be keen to take on the unquantifiable risks associated with claims such as MegaGlobal's. The SRO could go out of business. Its members could find that, in its absence, they have no authorisation to carry on their business.

This hypothetical, oversimplified and perhaps exaggerated example illustrates one of the key issues facing the Government and the markets as the new regulatory structure is shaped. The SROs view it with such gravity that they jointly declared this week that they will not be able to invite members to join or officers to serve unless they are given protection against litigation.

This was underlined yesterday by Sir Nicholas Goodison, chairman of the stock exchange. "I could oot possibly recommend to the council of the stock exchange that it seek to register as an SRO under the Financial Services Bill unless the bill is amended to include appropriate immunity from suit for SROs." Without an amendment, he said, risks to members, governing bodies and staff of SROs would be unacceptable.

The SROs, on the initiative of the International Securities Regulatory Organisation (Isro) – due to be the SRO for London's biggest capital markets, notably Eurobonds – are seeking immunity similar to that likely to be granted to the Securities and Investments Board (SIB), the overall regulatory body.

The Government has so far taken the view that immunity was unnecessary. It is examining the issue hut feels that the granting of immunity to private sector bodies would be very controversial – it has occurred only in rare cases such as that of the Royal Society for the Prevention of Cruelty to Animals.

Officials opposed to providing protection could argue that SROs will have adequate powers to investigate their members and report misbehaviour to the SIB. SROs, since they are to be set up by the markets themselves as regulators, should be staffed by practitioners who would be well versed in market practice and therefore able to make delicate decisions responsibly and at the speed demanded by fast-moving markets.

On this view, SROs acting irresponsibly - by, for example taking the extreme step of suspending a member firm - would deserve to face the legal consequences. If markets want self-regulation, the argument runs, then they must live with its implications.

The SROs feel that lack of immunity would simply paralyse them. Instead of suspending MegaGlobal, an SRO might take no action out of fear of a damage suit. When MegaGlohal then crashed, the SRO could face negligence suits from investors who had lost large amounts of money – more than the £30,000 per person being contemplated by the SIB under compensation fund arrangements.

Barristers have advised the SROs that, should immunity not be granted to SROs, four other legislative steps could be taken:

- A limit could be placed on the liabilities of SROs to damage claims.
- Clause 14 of the hill, which stipulates that the SROs must report to the SIB any member which is in difficulties, could be amended so that it applies only to notification of matters within the SRO's knowledge.
- SROs could be exempted from the Unfair Contract Terms Act. This act throws doubt on SRO's ability to have immunity from claims hrought by its own members.
- Officers of SROs could be completely excluded from liability if the SROs were unable to recruit them without such exclusion.

TSB seeks assets ruling to remove flotation obstacle

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE TRUSTEE Savings Bank went to the High Court yesterday to try to remove a potential obstacle to its £1bn flotation plans.

It asked the court to rule that depositors in TSB England and Wales are entitled only to repayment of their deposits, with interest, and have no "present or future, actual or contingent, right, title or interest" in the TSB'a assets.

The bank made its court move after a number of depositors, headed by the Rev John Vincent, a Methodist minister, announced that they intended seeking a court ruling that the TSB was owned by the depositors.

Last month the Inner House of the Court of Session – Scotland's appeal court – rejected a similar claim by Mr James Ross, a retired civil servant and a depositor in TSB Scotland.

Mr Ross, who had won his case in a lower Scottish court, intends renewing his challenge in the House of Lords. The High Court was told yesterday that it was hoped that any appeal to the English case would leapfrog the Court of Appeal and go straight to the Law Lords, so that the two cases could be heard together, probably in mid-June.

Mr Andrew Morritt, QC, for TSB, told Mr Justice Scott yesterday that under a proposed reorganisation of the TSB, the properties, rights, liabilities and obligations of TSB England and Wales, and of its sister institutions in Scotland, Northern Ireland and the Channel Islands, would be transferred to new companies.

The shares of those companies would be held by a new holding company, some of the shares of which would be offered to the public.

Mr Vincent and other depositors objected to the proposal, regarding it as an attempt to take away assets that the depositors considered belonged to them.

Mr Morritt said that it was agreed that the judge was bound to follow the decision of the Scottish Inner House on matters argued before it in Mr Ross's case.

Mr Donald Rattee, QC, for Mr Vincent, agreed. But, he said, there would be matters raised in the English case that had not been considered, or not decided, in Scotland.

He said that the TSB was not entitled to retain assets which had been produced as a result of customers depositing money.

"The bank's obligation to depositors is not discharged simply hy returning to its depositors the amount of their original deposits, together with what the bank has referred to as a contractual rate of interest," said Mr Rattee.

Mr Morritt said the TSB accepted that a depositor had a contractual right in relation to his deposit and any interest payable on it. "The question is whether he has any interest in the bank's reserves, which we say he never has and never could."

The TSB has agreed to pay Mr Vincent's legal costs, whatever the outcome of the case. The hearing continues today.

Tory threat to rebel over EEC reforms

BY KEVIN BROWN

THE GOVERNMENT last night faced the prospect of a revolt by a substantial number of Conservative backbench MPs against the reform of EEC institutions agreed by the Prime Minister in Luxembourg last December.

Sir Geoffrey Howe, the Foreign Secretary, faced constant interruptions from the Government benches as be opened a debate on the European Communities (Amendmeot) Bill. The hill gives effect to the Single European Act agreed by all 12 EEC beads: of government, which proposes stronger powers for the European parliament, sets a timetable for completion of the internal common market and provides for more majority voting in the Council of Ministers.

An amendment signed hy 18 Conservative backbenchers claimed the agreement gave too much power to the European Parllament at the expense of Westminister and undermined Britain's right to protect national interests.

Sir Geoffrey said the bill would not affect the so-called Luxembourg compromise, under which member states can block a decision in the Council of Ministers on a matter of vital national interest. He conceded, however, that the only British attempt to use this procedure had failed when the Council of Ministers overrode the Government's attempts to veto agricultural price changes in 1982.

He said provisions in the Single European Act intended to strengthen political co-operation within the Community had been put to a severe practical test in the last week by the events following the US bombing of Lihya. There was laughter from MPs on hoth sides of the House of Commons as he claimed Europe had demonstrated a growing capacity to speak with one voice on foreign policy.

The strength of Sir Geoffrey's criticism of the rebels brought a rebuke from Sir Edward du Cann (Conservative), who said the Foreign Secretary's comments were "offensive and wholly wrong."

Quarter of workforce works on Sundays

BY GEORGE GRAHAM

NEARLY one in four of the UK workforce is already working on Sunday's despite the failure of the Government's recent attempts to reform laws that restrict Sunday trading. New figures from an employment survey conducted last year show that 5.45m people worked some Sundays.

About 4.7m worked on Saturdays and Sundays, while a further 729,000 worked on Sundays only, according to preliminary results from the 1985 Labour Force Survey, published yesterday by the Department of Employment.

The survey, conducted in the spring of 1965, revealed that a total of 10.4m people – 44 per cent of the all people over 18 and in employment – had worked at weekends, although not necessarily every week.

The provisional results, which could be revised when overall population estimates from mid-1985 become available, show an increase of nearly 300,000 from the previous year in the number of people in employment. This figure rose to 23.7m.

The number of unemployed, however, fell by 100,000 to 2.8m. The overall number of "economically active" people, including both employed and the unemployed looking for work, increased by a net 200,000 to 26.5m.

The survey shows 11.1m males and 5m females working full-time. A further 434,000 males and 4m females worked as part-time employees. In addition, 2m males and 683,000 females were self-employed.

With 251,000 men and 144,000 women on government employment and training schemes, the figures show a total of 13.8m males and 9.9 females in employment.

Nearly 22 per cent of female employees had been with their current employer for less than a year, compared with less than 15 per cent of male employees.

The survey, which uses different definitions to the regular monthly unemployment statistics, shows an unemployment rate of 10.6 per cent of all economically active people. Within this figure, male unemployment averages 11 per cent, compared with female unemployment of 10 per cent.

UK NEWS

Car rental markets slowing up quickly, says research study

BY CHRISTOPHER PARKES

GROWTH IS slowing in the crowded car rental markets of Britain, France and the US according to recent research. Investigations in six important markets show that the business, worth an estimated $6.6bn this year, is maturing rapidly.

Significant growth is expected only in the less developed markets of Italy and Japan, with more modest expansion in West Germany, according to Market Direction, the London research company.

Multinationals such as Hertz, Avis and Europcar have enjoyed a boom over the past 10 years. They have often succeeded in persuading corporate customers that rental is preferable to running a fleet or leasing. However, the business has often been won at the cost of heavy advertising and allowing the big discounts demanded by the largest customers.

In the US, the company says, Hertz has admitted that its rates are now lower in real terms than in 1978. Budget has been spending heavily to win a share of the airport business which accounts for about half of all US car hire.

US car rental companies increased their advertising expenditure by 27 per cent to more than $12m in 1983, the report notes. In countries where commercial markets are saturated, the larger groups are beginning to turn their attention more towards the tourist and private hire sector. But they are running into difficulties when they come up against price competition from the large numbers of independent operators running small fleets from private garages.

There are about 1,000 operators in the UK market, and the smaller ones are becoming more active, the report says. Europcar, Swan National and Hertz account for 38 per cent of the market.

In West Germany, where there is a busy Monday morning trade in supplying replacements for vehicles damaged in weekend accidents, the 1,100 independents account for about 50 per cent of the industry's turnover. Most of the balance is accounted for by six major companies.

Report 14.1 Car Rental. £650; from Market Direction, 87–88 Turnmill St, London EC1M 5QU.

CAR RENTAL TURNOVER 1980–1984
($m at current prices)

	1980	1981	1982	1983	1984
France	n/a	343	435	458	412
Italy	n/a	88	79	93	112
Japan	333	337	379	421	467
United Kingdom	348	307	307	328	455
United States	2,600	2,900	3,200	3,500	4,000
West Germany	527	597	562	632	703
Total	n/a	4,552	4,962	5,432	6,149

Source: Market Direction

US investment 'welcomed' by Government

BY WALTER ELLIS

THE GOVERNMENT is concerned, in the wake of the Westland and Land Rover affairs, that pro-British attitudes to foreign takeovers may deter potential inward investors from the US from selecting the UK as their European base.

Mr Peter Morrison, the Industry Minister, gave a warning yesterday of the danger that such attitudes could appear anti-American. International companies, he said, often made decisions in principle to set up headquarters and manufacturing facilities in Europe and then looked around for a location.

"It must be in Britain's interest to attract these investments here and not to let false British nationalism put them off," he said.

Mr Morrison, who was launching the annual report of the Invest in Britain Bureau (IBB), which is part of the Department of Trade and Industry, stressed that the Government welcomed US investment.

Figures show that Britain is still the preferred European location for investment projects. The UK attracts 41 per cent of all US investment in the European Community, compared with 13.9 per cent for West Germany and 10.5 per cent for the Netherlands. At the same time, there is more than twice as much Japanese investment in Britain than in any country on the European continent.

Since 1980, the report claims, inward investment decisions have created or safeguarded more than 165,000 jobs. In an attempt to maintain the momentum, the IBB last year undertook the "Britain Means Business" campaign, an initiative in the American and Japanese markets which was run in conjunction with various UK investment bodies and a number of private-sector companies.

The report says it is too early to assess fully the impact of the campaign, but it claims an increase in the awareness of the UK overseas.

Last year, the IBB organised 21 per cent more projects than in 1984, in addition to Britain Means Business. The UK, according to Mr Morrison, continued to have a strong product to market. It was well into its fifth year of uninterrupted growth, company profits were rising and fixed investment was high. Productivity growth was among the highest in the leading industrial countries, and the current account of the balance of payments had been in surplus for six months running.

Language barrier 'threat to export prospects'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

BRITAIN'S EXPORT prospects are threatened by a fast falling national capability to understand the languages and cultures of African and Asian countries, including the Middle East, says an official inquiry headed by Sir Peter Parker, chairman of the British Institute of Management.

"Evidence of interest in the local language is a key which unlocks many doors. It can make the crucial difference when trying to sell something, be it exports or the British point of view," says the inquiry committee's report to the University Grants Committee.

The report criticises university departments responsible for African and Oriental studies for providing courses which are seen by industry as too academic, specialised and inflexible. "A number of companies stated categorically that the closure of departments of Oriental and African languages would not affect their training programmes at all."

Ian Hamilton Fazey reports on a region's efforts to lure more inward investment

Nissan arrival spurs drive from the Far East

THE NORTH of England Development Council is to open an office in Tokyo immediately to keep up the investment momentum that has this week seen a 12th Japanese company set up in the region.

The momentum is being fuelled in part by Nissan's decision in 1984 to locate its new UK car factory in Washington, Tyne and Wear. Other Japanese companies are looking favourably at the North-east on the basis that the area must have passed muster for Nissan to have made such a big investment decision.

There were only four Japanese companies in the region before the Nissan decision to locate there. Not all of the seven other newcomers admit to being swayed primarily by the car company's example, but the development council's officials believe it has given a vital impetus to their efforts in the Far East.

The council, which is 80 per cent funded by the Government, also believes it has pulled off something of a coup in recruiting Mr Henry Isao Araki, the former inward investment officer of the British embassy in Japan, to run the new Tokyo office. Mr Araki, who is Japanese, stepped down from his embassy post in January after seven years' service.

Previously, he worked on generating business between Japan, the US and Canada, and on planning overseas production for a Japanese conglomerate.

Japanese investment in the North-east so far accounts for more than 1,600 jobs. Although there was some criticism that Nissan's arrival would generate only 500 jobs (a small number, some argued, for the effort involved), the prize is 3,000 jobs if the second phase of the project – full production, rather than assembly – goes ahead.

That depends on how successful the factory is. Trial vehicle assembly of Bluebird saloons began on Monday at the £50m factory, with the first vehicle completed on Tuesday. Ten more trial builds will follow, at a rate of one a day.

The company says that its painstaking approach is to make sure that British-built vehicles match or even exceed Japanese quality standards. It expects to reach a volume production rate of 24,000 cars a year from July.

The fortunes of another Japanese company, Ikeda Hoover, depend on Nissan. It makes car seats and interior trim. If Nissan expands to 3,000 employees, Ikeda Hoover's payroll will rise from 50 to 200.

Other Japanese companies in the North-east are already doing well. The longest established, NSK Bearings, is celebrating its 10th anniversary in Peterlee, Durham, and plans to increase its workforce from 350 to 580 by the end of the 1980s.

Komatsu, the earthmoving equipment company that decided at the end of last year to operate in Birtley, Tyne and Wear, will increase its payroll to 270 over the next three years. The Marubeni-owned Marubeni-Komatsu company at Washington already has a sales operation for that market in Washington, but it employs only 11 people.

The other big employer is SP Tyres, also at Washington, with 470 people on the payroll. SP was acquired by Sumitomo Rubber when it bought Dunlop's tyre-making interests.

The latest recruit to the area is Koike UK which opened a sales, distribution and training centre for its high-technology cutting and welding equipment in Newcastle upon Tyne on Monday. It aims to treble its market share over three years, and if it succeeds it will increase the workforce from five to 18.

The decision of the development council to open in Tokyo comes on top of increased government funding for the council to enable it to open a Hong Kong office this year. The North-East has also attracted three large knitwear companies from there since 1983 – Activebadge, Tin Lung Knitwear and Superbadge. Other Hong Kong arrivals are Thermax, a tougbened-glassware company, and Eupo Air Travel, a service company of travel specialists.

Japanese move into the north-east of England

Company	Activity	Year set up	Employees now:	projected
NSK Bearings	Ball and roller bearings	1976	350	580
Polychrome	Printing plates	1977	80	–
Marubeni-Komatsu	Construction and earth moving equipment sales	1979	11	–
YKK Fasteners	Zip fastener distribution	1981	3	–
Nissan	Car manufacture	1984	500	3,000
SPTyres (Sumitomo)	Radial tyres	1984	470	–
Ikeda Hoover	Car seats and interior trim	1985	50	200
Bansho	Trading house	1985	2	–
Komatsu UK	Earth moving equipment	1985	–	270
Tabuchi Electrical	Transformers and power supplies	1985	150	–
Tokyo Togyo	Sales and distribution of refractories	1985	2	–
Koike	Sales/distribution of welding/cutting equipment	1986	5	18

Falkland Islands to press case for more development funds

BY ROBERT GRAHAM

THE FALKLAND Islands Development Corporation, the vehicle for British government development assistance on the islands, is soon expected to require more funds. Its present funding of £31m from the Overseas Development Administration (ODA) agreed in the aftermath of the Falklands conflict is all committed to projects and will be exhausted within the next 12 months.

According to Mr Simon Armstrong, general manager of the corporation talks have already begun with the ODA on future development needs for the Falklands. No figure has yet been made public, but in private it is expected that between £15m and £20m will be sought to cover the next five years.

Mr Armstrong, in London for consultations with Whitehall and meeting potential investors, says the bulk of future development assistance will continue on infrastructure projects. He would like to see funds available to establish a network of track roads and for a ferry to link East and West Falkland.

Although the opening of the airport in 1985 at Mount Pleasant, built by the Ministry of Defence, has considerably eased communications, the main problem of development is housing. Furthermore, with a shortage of skilled labour, projects of every nature have to be capital intense.

The corporation intends to establish in the near future a property development agency to build houses and lease or sell them. This would also offer mortgages, which at present are not provided by Standard Chartered, the local bank.

The corporation is paying particular attention to developing fisheries onshore and offshore. More ambitions plans hang fire pending resolution of whether Britain is able to establish an international system of quotas under the aegis of the Food and Agriculture Organisation to protect fish stocks in territorial waters. Nevertheless, some of the infrastructure for bandling the bunkering of fishing vessels has begun.

Insbore, ways are being studied to exploit abundant local crab, and a joint venture with a Chilean company – the first "multinational venture" – is under discussion.

Since 1983, the British Government's bill for the defence of the Falklands has been some £2bn. A large part of this has been taken up by the new airport. However, the impact of military spending remains self contained, according to Mr Armstrong. He is critical of the continued lack of adequate co-ordination between the civil development authorities on the islands and the Ministry of Defence.

The chief impact of the military presence is in spending by British troops garrisoned there. With a local population now up to 2,000, the military still outnumbers them almost two to one.

Brussels to investigate property frauds in Spain and Portugal

BY FIONA THOMPSON

THE EUROPEAN Commission has appointed two legal investigators to examine fraud by property dealers on people buying boliday or retirement homes in Spain and Portugal.

Mr Edward McMillan-Scott, Conservative MEP for York, in north England, announced the commission's decision at a press conference in London yesterday. He said the commission bad taken up the issue after the launch last autumn of a campaign, spearbeaded by Conservatives in the European Parliament, for stricter controls on bome sales abroad and fraudulent property dealers.

In Spain alone, 1m foreigners own property, half of them Britons. Since the UK Government lifted currency restrictions, British buyers have taken the lead as property purchasers. The numbers are expected to increase now that Spain and Portugal have joined the EEC because new social-security, bealth and pension rights bave become available.

Of the 25,000 Britons who buy boliday bomes in Spain each year, at least 10 per cent are affected by frauds, according to Mr Per Svensson, president of the 10,000-member Foreign Property Owners Institute based in Spain.

Too many property developers are in the business "for a quick killing," said Mr McMillan-Scott. He emphasised that 80 to 90 per cent of the frauds were not perpetrated by Spanish or Portuguese. The vast majority of racketeers were Britons, Belgians and Germans.

Detective Inspector Gerald Runham, of Scotland Yard's Fraud Squad, said most frauds concerned projects that did not exist, projects half in existence but underfinanced and, most commonly projects where a middle man took the money and either passed on only a portion to the developer or none at all.

Mr McMillan-Scott said the aim of the two investigators – Britisb lawyers who work for the commission – would be to establisb what the facts were, bow deep the problem was what the commission could do to make life easier for people buying property in the EEC.

"Their first task is to examine whether the Treaty of Rome protects victims in any way," he said. "Now that Spain and Portugal are in the EEC, consumer regulations to protect the innocent should be applied. What we need is a simple guide produced by EEC experts on how to go about buying a home – or timeshare property – anywhere in the Community."

The two investigators will report their findings in an internal report to the commission.

Mr McMillan-Scott has handed over a substantial dossier of evidence to the commission's investigators and has also asked Brussels to set up a blacklist of known fraudsters and "letterbox" companies that collect money and then disappear.

TECHNOLOGY

Transputer scores again

BRITISH universities are starting to take delivery of the Meiko "Computing Surface," one of the most exciting and powerful new computers to come from a UK manufacturer this decade.

The Computing Surface is based on the Inmos transputer, a highspeed, reduced instruction set microprocessor chip designed for parallel processing and artificial intelligence applications.

Edinburgh university yesterday took delivery of a £250,000 medium-size Computing Surface to help its research into parallel processing and numerical analysis.

Next week, Southampton University physics department takes delivery of a smaller machine.

Edinburgh University already has two ICL distributed array processors which it is using for research in neutral networks, molecular dynamics, and the internal structure and interactions of elementary particles.

Dr Ken Bowler of the university physics department said that in addition to mathematical and scientific research the machine would be used to demonstrate industrial applications of supercomputers. Edinburgh would become a shop window for applications, including the simulation of complex systems in engineering, robotics, image processing, computer vision and seismic analysis.

No stopping the non-stop machines

THE DATA processing world has been curiously resistant to the notion of computers which are tolerant of failure. As late as 1983, Dr Louis Robinson, IBM's director of university relations, dismissed the problem during a lecture in which he agreed it was never easy to have a global perception of how things were going to be.

"One doesn't exhibit much concern about the workability of the machine," he claimed. "Information systems today are very reliable, some 10,000 times more reliable than the early machines."

And so they were and are. But as any banker or airline operator will tell you, not reliable enough.

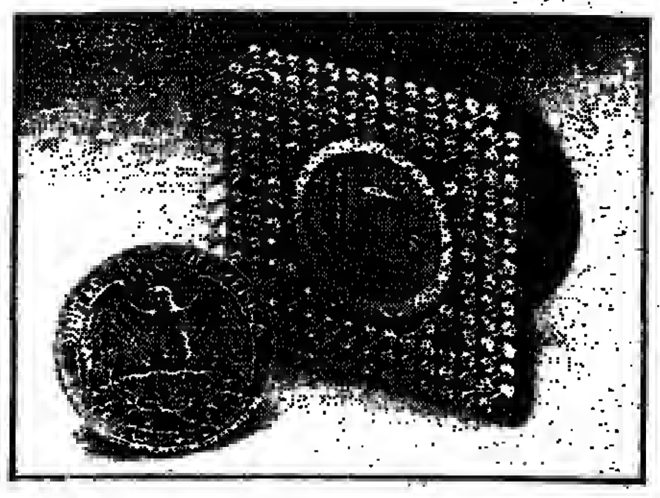
Which is why, over the past eight years, Tandem Computers of Cupertino, California, has built a business which turned over $624m last year through selling computers guaranteed never to stop running.

But it is also why Stratus Computer of Natick, Massachusetts, has, over the four years since its first machine appeared on the market, become a real threat to Tandem's dominance of the fault tolerant marketplace, and why another dozen or so companies now look as if they could become serious contenders.

Only one of these is British, Information Technology (ITL), of Winchester, which two days ago was awarded the Queen's Award for Technological Achievement for its "Momentum" fault tolerant systems.

Until now, the fault tolerant marketplace has been slow and difficult, chiefly because of the expense of building a machine that never stops. There is only one way, and that is to duplicate all the critical hardware chips, communications lines, discs.

So Tandem computers have always been expensive—$500,000 or more has been the typical starting price. Only those organisations which could not afford the cost of computer failures — banks, stockbrokers, airlines—were prepared to pay



Semiconductor at the heart of Tandem's new computer.

so much over the odds to prevent what other companies simply saw as an occasional inconvenience.

What changed all that was the spectacular growth of on-line transaction processing, applications where there is a direct connection between the computer and the customers for whatever service is running on it.

Typical examples are an airline reservation system or a network connecting automated teller machines to a bank's central computer.

Frost and Sullivan, the marketing consultancy, says:* "The rapid increase in the number of on-line transaction processing applications is the single most significant industry factor relative to fault tolerance."

Furthermore, the cost of providing fault tolerance is falling all the time.

Stratus, for example, made fault-tolerance economic by developing an architecture based on comparatively inexpensive off-the-shelf microprocessor chips (the Motorola 68000 family).

ITL will launch next week a new member of its Momentum family, the 10,000, which gets its power from using chips based on emitter coupled logic, the fastest available, and innovative memory chips from Inmos, the UK semi-conductor manufacturer.

According to Mr "Spud" Taylor of ITL, the Momentum series best feature is the level of software protection built in, conserving the customer's data files and making restart easier after, say, a complete power failure. Momentum computers are being installed by London stockbrokers as the basis of dealing settlement systems.

Tandem, historically achieved fault tolerance through duplicated hardware and extremely efficient software for detecting errors and isolating faulty components.

Last week, it announced a new top-of-the-line machine, the Nonstop VLX. It features a new high performance gate array chip developed jointly by Tandem and Motorola. This features high speed emitter coupled logic and industry standard transistor-transistor logic on the same chip. Gate arrays are a short cut to the design of complex semiconductor chips. Tandem reckons it saved a year of design time through its joint development with Motorola compared with conventional chip design methods.

The new Tandems start at around $1m but offer significantly higher processing speeds and lower maintenance costs than previous systems.

Other US companies which look as if they could make some impact in fault tolerance include August Systems, NoHalt Computers, Parallel Computers, Sequoia Systems, and Tolerant Systems.

The problem for all of them is that there is nothing distinctive about fault tolerance in itself. There is no reason why all computers should not be fault tolerant and indeed the availability of low priced, high performance processor chips of the kind used by Stratus and ITL or semicustom chips of the kind designed by Tandem make it easier for traditional manufacturers to take that route.

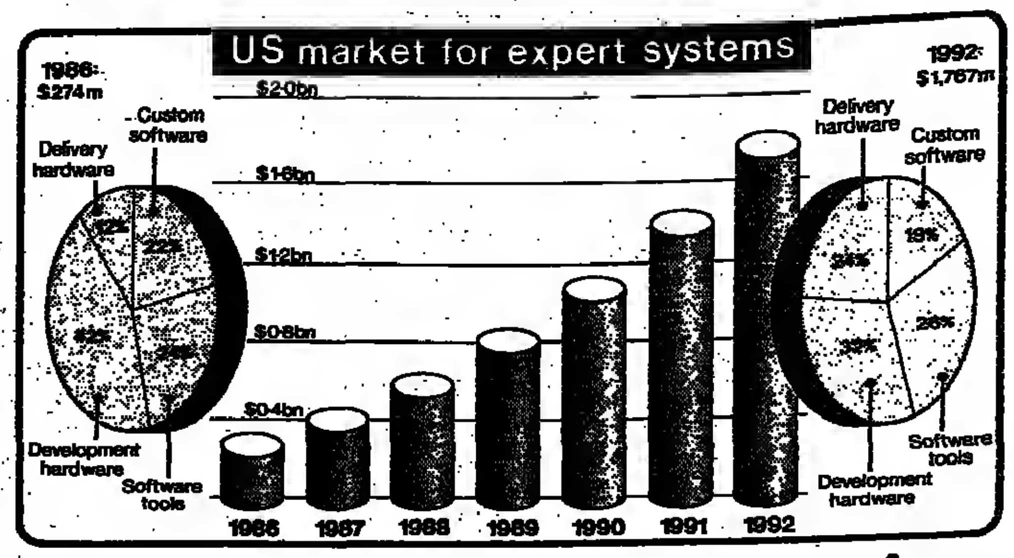
IBM for example, still has no fault-tolerant computer of its own although its researchers are working feverishly on a proprietary design.

In the meantime, it markets Stratus machines under its own label as does Olivetti of Italy.

Other mainframe computer manufacturers are likely to form alliances with fault tolerant makers while they work on their own designs.

So fault tolerance is fast ceasing to be a novelty; the name of the game is now high transaction processing rates. Tandem, the VLX of which is said to handle up to 250 transactions a second as a single system, is clearly still ahead of the game. Machines now under development are said to be orders of magnitude faster.

* Fault Tolerant Computer Systems, Frost & Sullivan, London and New York $1825.



AI race on in North America

A VAST ferment of activity in artificial intelligence (AI) is quietly bubbling to the surface in the US and Canada.

Although only a score or so of these very sophisticated computer products are yet operational, all the signs are that companies intend to spend over $400m in researching and developing their own expert systems this year; the market for proprietary products, worth only $280m in 1986, is expected to grow to $1.9bn by 1992.

These are the chief conclusions of a new study* of the expert systems business in the US and Canada prepared by a London-based information technology consultancy, Ovum.

It says that over 1,000 major projects are under way in North America, covering a wide range of applications in a variety of industries. Some of these have over 100 staff.

The study also points out that at least 50 venture companies have sprung up over the past five years to develop products for this new market. Most significantly, IBM, the world's largest computer company which tends to set the trends for the rest of the industry, is marketing its artificial intelligence products strongly for the first time.

The speed with which expert systems are coming to the fore is a reflection of the comparatively high productivity gains they seem to promise in return for a modest outlay.

They are a simple form of artificial intelligence, comprising little more than a bank of information about a particular topic garnered from experts in the field and stored in the memory of a powerful computer. There is also a set of rules written into the computer software which enables the user to ask questions of the information base and receive back reasoned answers.

Expert system judgments can only be as good as the judgment of the expert from which they were derived, but a good expert system gives an indication of the degree of reliability which can be placed on the answer and can set out the stages in the reasoning which led it to a particular conclusion.

Their potential is related to their flexibility. They can be used to increase the productivity of experts and less-than-experts. They can preserve the expertise

COMPUTING

BY ALAN CANE

of staff who retire or die. They can be used for systems which could not otherwise be developed.

But if these flashy pieces of software hold so much promise, why are there so few systems operational?

The Ovum study points out, after all, that of 14 organisations it analysed, engaged in over 100 expert system projects, not one was yet fully operational.

The answer, Ovum suggests, lies in the peculiar life cycle of an expert systems development. It says: "It is relatively easy to develop an expert system prototype, and spectacular claims have suggested the building of working prototypes in only a few months, weeks or even days."

"This facility of rapid prototyping is a major benefit of the expert systems development style, but it should not be allowed to obscure the substantial effort which is required to turn a prototype into an operational system."

There can be a ten-fold difference in the time taken to develop the prototype and the fully operational system.

The applications now going through this intensive development phrase in the US, and which should soon become operational, include factory planning and scheduling, chemical analysis, network design and management, direct mail selection, credit authorisation, tax return analysis and weather forecasting.

Rather than spend time and money, however, many companies will want to buy their first expert systems from outside suppliers.

The leading US software companies developing such systems are Intellicorp, Teknowledge, Carnegie Group and Inference. Major suppliers of the powerful hardware necessary to run artificial intelligence programs include Symbolics, Lisp Machine Inc., Xerox, Texas Instruments and Sperry.

Ovum warns that while the top software suppliers have based their corporate strategies on sophisticated software tools backed by training and knowledge engineering services, tough price competion at the low end of the market threatens the profitability of smaller companies. "The emergence of a few new high quality personal computer tools could make life difficult for many of the existing smaller suppliers. 1986 may be the year in which the first significant expert systems company goes under."

* Expert Systems 1986: USA and Canada, Ovum, London, £320 ($495).

A sympathetic ear for computer users

TWO DAYS ago, a group of the country's top data processing professionals met under the chairmanship of Mr John Aris, director of the National Computing Centre (NCC), to discuss what they wanted from a national computing initiative after Alvey.

The existing Alvey programme, Government-backed and partly-funded, aimed to bring UK computing up to scratch in a number of key disciplines such as software engineering, very large chips and the man-machine interface. Alvey II will have broader aims and Mr Aris's group—all computer users rather than makers—should make a powerful contribution to their definition.

The user group will find a sympathetic listener in Mr Aris, the first true computer user to head the NCC. Until last year, he was manager of management services for the Imperial Group, one of the UK's largest conglomerates with interests in tobacco, food, drink and packaging.

There he established a reputation for the innovative yet humane introduction of information technology. He quickly realised that personal computers (pcs), for example, appealed only to centre managers because they found them essential to their jobs, because they were temperamentally suited to computer work or because they had a personal interest in the technology.

So pcs and pc training was available to those who wanted or needed it, but there was no compulsion to join in. There was no attempt to set up "information centres" a la IBM. The result, he believes, was a high level of computing awareness and a solid core of committed, and expert, computer users.

At the NCC — a quango which pays its own way through subscriptions from its members and the sale of software products — he is anxious to achieve a new level of respect for the data processing manager (dpm), still regarded in too many companies as boss of the boiler room, and for the NCC itself.

"First, I want to help the dpm reach the top table," he says of his objectives.

"Then I would like to see the NCC help to solve the software problem. The cost and effectiveness of computer hardware has come down year on year but the software is still the same old mess it has always been."

He wants to see the NCC develop better products and to take on more demanding work so that only the best people would want to join.

Inevitably, he will run into the criticism that the centre should not be in competition with its own members for business, but he shrugs this off: "It is a tightrope and we have to balance on it."

Visual arts/Martina Margetts

Free spirits with designs on Vienna

All over Vienna are two posters which shriek wit, ebullient colour and eccentricity. They proclaim the two major exhibitions of the Britain In Vienna Festival—*British Design* and *British Art*—and show images of Fred Baier's anthropomorphic blue and orange shelving and Bruce McLean's art. Since the Austrians already know about British punk, rock music and outré fashion, they can be forgiven for thinking that the posters say it all about British design and art. Visitors will find some prejudices confirmed and others confounded; certainly, as the British Ambassador (whose brainchild the festival was) said at the opening, "No one will be bored."

The exhibition of British design, organised by Peter Dormer and the Central Office of Information, supports a number of clichés: that Britain has a very good art school education system, that its graduates are full of ideas if occasionally short of technical *expertise*, that getting prototypes into production in Britain is generally a nightmare and that selling is not a strong national characteristic. British designers will be taken seriously when they take themselves seriously. The atmosphere of this enormous exhibition—80 participants and several hundred works—is of dozens of free spirits not clearly harnessed to targeted markets.

The quality and range of work on display is high but sadly undermined by a clumsy exhibition design (in part involving an orange-painted scaffolding climbing-frame to accommodate the crafts and product design and what looked like mechanical palm trees bearing the jewellery). The aim of the exhibition, to demonstrate Britain's design talent across the range from fashion to the crafts to graphic and industrial design, was well achieved.

Visitors are made aware that the futuristic ICL computer standing near the beautiful elliptical clay pots by Elizabeth Fritsch share designers' concerns for a good idea appropriately developed in choice of material and technique to serve a given purpose. The preponderance of hand-crafted work in the exhibition — metalwork, textiles, woodwork, jewellery and pottery (much of it loaned by the Crafts Council, who enterprisingly brought the work of a further 68 craftspeople to four galleries in Vienna)—gives a heightened emphasis to materials and processes. Examples are the richly decorated slab-built pots by Alison Britton, the patinated metal container by Michael Rowe and the blackened turned wooden bowls by Jim Partridge. They also reflect a leitmotiv in the exhibition, that of ingenuity and invention, hert nethknigi d and invention, the rethinking of established forms.

Notable works in this vein included James Dyson's revolutionary pink plastic vacuum cleaner; lightweight wardrobes by Jane Dillon and Julian Gibb made mainly of aluminium, timber and silk; the woven nylon outsize necklace by Caroline Broadhead (from a striking range of jewellery selected by Aspects gallery); Daniel Weil's plastic bag radio (favoured by Prince Charles); Richard La Trobe-Bateman's flat-pack desk and chairs; austere yet witty clothes by Culture Shock; the wing-nut hardboard chair by Jasper Morrison; Paul Priestman's radiators; the field telephone by Seymour Powell and computer graphics for television by English, Markell and Pockett.

British Design confirms that Britain has diverse design talents but it does not convince the visitor that this talent is coursing through the mainstream of British industry. Lately, the Design Council has proclaimed designers as "the new alchemists, adding the business ingredient that sends sales soaring." Yet our car, electrical, furniture and textile industries are in decline, reluctant to adapt their ideas and their plant, apparently unwilling to allow the alchemists to work their magic.

Unless the manufacturers look more closely and with greater urgency at the skills and ideas craftspeople and designers are offering, our design talent will continue to struggle to manifest itself precariously via small businesses. If the many rather than the few are to be able to afford and enjoy interesting design, if the steady drain abroad of British designers is to be stemmed, if goods are to increase, the Government, manufacturers and sales force must take concerted action now.

Further diverse, but not dissonant, voices are available in *British Art*. What would Freud have made of the twelve artists who take part? Their work, in lofty well-hung rooms, is full of complex narrative, lyrical responses to landscape, ironic conversations, history, old art and old jokes. The spirit is affirmative, aside from Ansel Krut's ghoulish pictures exuding unexplained self-disgust. As with the design show, there are established names and new faces, but here the small number of participants and highly personal choice of the organisers, Susie Allen and Caryl Hubbard from the Contemporary Art Society, gives the show a cameo *quality* — a rich slice, but emphatically not a survey, of British art.

Broadly, the exhibition divides into works that are preoccupied with people and those concerned with nature. In the first group are Bruce McLean, Gwen Hardie, Steven Campbell, Graeme Murray, Neil Jeffries, Ansel Krut and Edward Allington (as a sort of neo-classical conceptualist); in the second, Tricia Gillman, Therese Oulton, Christopher Le Brun, Ian McKeever, and Kate Whiteford. On the evidence of this exhibition, British art is in a buoyant phase, if all rather polite. Visitors are taxed and teased by the methods and meanings of the works, but rarely moved (too much irony in the soul, perhaps).

Steven Campbell entertains us with his mannered anecdotes painted in a bravura magnified way; Neil Jeffries tells stories through his cut-out-metal cartoon tableaux (an illustrative approach which would have gone down well in the British Council's concurrent survey exhibition *British Illustrators from Caxton to Chloe*), while Bruce McLean, exuberant painter of social mores and predicaments, cleverly elicits a more thought-provoking, disconcerted response.

Ian McKever's paintings achieve dynamism through a showering of bright paint on to photographs of gritty landscapes, a complement to the shimmering impressions of the small landscapes by Christopher Le Brun, as atmospheric, in a quieter way, as Therese Oulton's turbulent Turneresque evocations. Singular amongst *so much busy brushwork* and content are the abstract paintings by Kate Whiteford, monumental juxtapositions of colour, scarlet and green, say, and compositions of maze forms.

The two youngest exhibitors are painters to watch. Gwen Hardie, at present living and painting in Berlin on a scholarship, showed a series of huge self-portraits, unafraid to restrict herself to the most traditional of subjects and achieving a fascinating combination of blatancy and innocence, self-deprecation almost, with a hint of self-irony. Graeme Murray's work is again large-scale, saturated with brushstrokes, colours, borrowings and meanings. Figurative, full-bodied and enigmatic, his subject, he says, is "the human condition." This manifestly is the subject of all these painters but, given the times in which we live, their messages are equivocal.

British Design, *British Art* and *British Illustrations from Caxton to Chloe* are all at the Künstlerhaus, Vienna, until May 6.

Martina Margetts is editor of Crafts magazine.

British artist Gwen Hardie with "Cowardice," one of her works on show in Vienna

Les Contes d'Hoffmann/Covent Garden

David Murray

Perhaps it is an advantage not to have seen John Schlesinger's original 1980 production of *Hoffmann* (led then by *Placido Domingo*), but Tuesday's revival struck me as an honest success. Charles Dutoit conducts a largely new cast, and Richard Gregson has rehearsed the production; plenty of ingenious detail remains, and Dutoit has a reassuringly stylish hand with all the music. (The "traditional" version is used—a mishmash, but Offenbach died before completing the opera: the Venetian act was saved only by inauthentic additions, and still doesn't earn its intended last-act position.) There is enough dramatic charge to lift it all well clear of whimsical pantomime, Hoffmann's usual fate.

Neil Shicoff's Hoffmann is properly and keenly, the dramatic linchpin. He sings with *his customary appealing* vehemence, often elegantly; the extent to which this cast sings in French is debatable, but it contrives rather well to sing *as if* in French. Shicoff also acts committedly (some of the Method-ish tics that skewed his Munich Alfredo last year are re-cycled to much better purpose), offering a plausible poetical drunk for Prologue and Epilogue, and distinguishing neatly between the fatuous swain of the Olympia act and the older lover.

Though Samuel Ramey is the first bass in this production to essay all the four heavy villains, he makes nothing special of that, simply relying upon an all-purpose saturnine air. At the end of each act the current villain is revealed to be Councillor Lindorf again (one of the few pointless touches here) but there is no frisson, only a wig-change. His Coppelius is tame; his Dapertutto delivers a cool, incisive "Scintille, diamant"; his Lindorf and Dr Miracle are imposingly malevolent. Everywhere he supplies a sterling bottom line, and the refined energy of his phrasing and diction is a tonic.

The only familiar principals are Lucisna Serra's Olympic doll, wittily mimed (though the mechanics take away some coloratura verve), and Claire Powell's svelte Nicklaus. John Dobson and Francis Egerton repeat their Spalanzani and Pittichinaccio to confident effect, and in the Munich act Egerton now sings the comic servant Frantz as well, making an idiomatic hit with his character-number (a small triumph, this: it is usually a pain in the neck). The new Crespel, Rodney Macann, is gruff and kindly, and as his late wife Gillian Knight gives a firm lead to the fatal trio.

After Miss Serra, the transient heroines are Karan Armstrong's voluptuous Giulietta (the role offers no further possibilities) and a distinguished Antonia from Nelly Miricioiu. Poor Antonia is generally cast to be frail and fey; Miss Miricioiu never loses sight of her *yearning* for operatic glory, and from her first song she indicates something intense and volatile beyond the common run.

William Dudley's clever sets are consistent assets, and his inventions make a good *jeu d'esprit* of the robot-tricks in Paris. Maria Björnson's costumes are chiefly responsible for the decently perverse atmosphere of the Venetian act, and David Hersey's careful lighting enhances all the action. I wish Dr Miracle would saw passionately at his lethal violin (all right, it's *magic* — but just waving it looks wet against the florid orchestral-violin plunge), and the reprise of the Barcarolle before the Epilogue is all too evidently a time-filler for the scene-shifters: far from bridging a gap, drops into it like lead. Otherwise, Dutoit's rigorous care for musical proportions ensures that the *Tales of Hoffmann* are well told, with the literal content of each tale acquiring a mythical gravity beyond the facts. What else is the opera for?

Neil Shicoff and Karan Armstrong

The Wow Show/Wyndham's

Michael Coveney

In the old days, a Ken Dodd spectacular would split in two: the Joycean stream-of-consciousness surreal material followed by the recognisable gags and sentimental songs. So it is with this remarkable new show at Wyndham's, four alternative loonies otherwise known as the Wow Show capering about these hallowed premises like the hallucinogenic offspring of *Beyond the Fringe*.

The comparison came to mind after the interval when a quartet of scarf-waving soccer-mad Slade clones in punk wigs and tights jumble up a history play with a cod (-piece) version of Bottom and the mechanicals. The targets are not sighted as clearly as they might be, but a great deal of irresponsible laughter is generated by these mock theatrical antics in a Victorian jewel box setting.

At first, we are in the surreal theatre of Ionesco via John Antrobus and Spike Milligan. On a glowing cut-out domestic design, sunset and palm trees incongruously placed behind a scaffolded, skeletal interior, three brothers lament the deterioration of mother. For no reason, a fourth man, wearing a grass mini-skirt and waving maracas, bursts through the door. "So, Neville, how was Barbados?" seems an obvious sort of question. "Mother's dead" he responds. A stolen wallet leads to an outrageous Baskerville spoof ("Heel, Hitler, Up Periscope"), the assassination of a dummy Abe Lincoln, "Tea for Two" passed off as a preview of *Phantom of the Opera*, a Russian third-person exploratory drama and a rock religious revival with the Jesus story according to Jake Thackeray.

The evening is continuously reeling out of control, as you might have gathered. In fact, it is a gloriously unbuttoned progress we witness from pretentious comic formality to *brazenly nostalgic vaudeville* with various rich and witty stop-offs at the side-altars of theatrical convention. The second half is a riot of alternative comedy turns enacted in front of a glistening curtain: a Birmingham MC with a pathetic Tom Jones act up his sleeve; an eager puppeteer producing Kojak, Peter Sellers and a map of Luton out of a plastic bag; a tawdry, inappropriately politicised pantomime dame on roller skates.

Although the show suffers from a dangerous reluctance to quit while ahead, it also throbs with the kind of terrible, casual energy that has become the pampered province of TV studio audiences on Channel 4. To see this energy unleashed in the theatre is truly exciting, and even indulgent satires of targets worth missing—like Rolf Harris—prosper in this dangerously unforgiving atmosphere.

The talented quartet of Mark Arden, Lee Cornes, Mark Elliott and Stephen Frost is interrupted by a naff hotel lounge musical duo—"Raw Sex"—who arouse all manner of *hostile memories with their* impersonal synthesized guide to historic London and bleatingly routine version of the *Thomas Crown Affair* theme music. Without a doubt, the most exciting and challenging evening to be had in London at the moment.

Menuhin's birthday/Festival Hall

Paul Driver

Sir Yehudi Menuhin's 70th birthday was celebrated at the Festival Hall on Tuesday with the help of Mstislav Rostropovich, Sir Charles Groves, the Royal Philharmonic Orchestra, Sir Yehudi himself, and the Chemical Bank. The orchestra launched into "Happy Birthday" as Sir Yehudi took the podium seemingly to conduct the National Anthem. He then accompanied Rostropovich in Chaikovsky's Variations on a Rococco Theme.

This exquisite work — product of the mind which conceived the three great ballets rather than that which engendered the three great symphonies — received a performance of the utmost spontaneity and flexibility. Rostropovich and Menuhin achieved a gigantic presence, and his lyrical phrasing reached a pinnacle of sumptuousness in the central variation where the soloist is expressively out-of-phase with the flutes.

The roles of the two players whose names are synonymous with their instruments but who each also conduct were reversed for the first of two of the great string concertos. Beethoven's Violin Concerto, directed by Rostropovich, drew from Sir Yehudi a response of emotional intensity and comprehensiveness. Small roughnesses and intermittent tuning problems (his instrument seemed slightly mistuned at the outset) counted for little when set against the overall thrust of the performance, its distilled wisdom, and numerous moments of silvery perfection.

In the second half Sir Charles Groves conducted the Double Concerto by Brahms. It was, I think, the most satisfying account I have heard. The first movement was unfolded with blazing confidence. Rostropovich and Menuhin achieved a consummate dialogue—there were no residual complaints, and nothing in the complete performance that was not richness and beauty. The standing ovation seemed modest enough tribute to the greatest conceivable of child prodigies (no unborn talent could surpass the boy Menuhin's when he recorded Elgar's Violin Concerto), and most big-souled and humane of mature musicians.

Heavenly Bodies/Birmingham Rep

B. A. Young

The action of Stewart Parker's new play takes place in limbo, which is set backstage of a dark theatre. In a terribly long prelude, we see the actor-playwright Dion Boucicault half way down the hill on a fiery trap, but reprieved by Johnny Patterson, an Irish clown who has been kicked to death by a circus audience on Irish political grounds. Johnny contrives a stay of execution, and in this we see Boucicault's whole life.

It is played in a series of short comic episodes, as if extemporised by the company—the Limbo Company, not the Birmingham. Boucicault is never off the stage and neither is Johnny, though Mr Parker is sometimes unsure how to employ him and stands him silent in a corner or gives him an Irish ballad to sing. The real Johnny had nothing to do with Boucicault; he is introduced as a commentary on Boucicault's Irish character, a reference perhaps clearer to the Irish than to me. Though Sam Dale plays him charmingly, I fonnd him a bit of a bore.

Timothy Spall's Boucicault is never that. Sometimes Mr Parker risks making him so, in scenes where action is described rather than displayed, but Mr Spall, first in a long black wig that makes him look rather like Oscar Wilde, later in a bald wig that Johnny stripes with while paint when old age necessitates, always held my attention. It is hard for an actor to play another actor, and Mr Spall's playing is almost caricature; but he never tries to get laughs from anything but the text.

It is true that this provides fewer than it should, but to cover the whole of such a varied life completely requires some moments when comedy has to be held at bay. For those unfamiliar with Boucicault's career, the programme prints a resume from his illegitimate birth to Dionysius Lardner and Anne Boursiquot (sic), through his first schoolboy play, his 21 year old success, *London Assurance*, *his days in Paris* stealing French plays for translation, his venture to America with Charles Kean's ward Agnes Robertson, his success with *The Poor of New York*, and its peripatetic variations, his success with Irish melodrama and romance, to acclaim on his deathbed.

There was failure between those successes — bankruptcies, scandals with women — but Boucicault never acknowledged failure, and Mr Parker's play stays on the same playful level throughout, which is partly why I felt an occasional moment of tedium. It is imaginatively staged by Peter Farago, the *dramatic extracts played on an* ever-ready little truck. I would have welcomed more moments like the mysterious Alpine death of Boucicault's first wife, the splendid fire in *The Poor of New York*, Boucicault's final elevation to heaven. They introduced a change of mood.

There are few significant parts besides those of Boucicault, Johnny and Agnes (Allison Harding). Mime players take the 57 other characters, *which include Queen Victoria*. Paul Radomsky's set adds some jokes to the backstage scenery, and lighting designer Benny Ball must be congratulated on his fire.

Renée Reznek/Wigmore Hall

Dominic Gill

Miss Reznek is a small-scale pianist, and the gentlest and most intimate portions of that tiny corpus of seven works which go to make up the "complete piano music" of Schoenberg, Berg and Webern suit her best. The seven works make a neat, highly concentrated and satisfying programme of remarkable variety: and it was the concentration *which Miss Reznek responded* to most keenly—the condensed and drowsy perfume, for example, of Schoenberg's early op. 11 pieces; the contrapuntal dexterity of the later op. 23 set; the aphoristic utterances of op. 19.

But she is a shy performer too—and still needs to give her insights more decisive presence. Her pianissimo on Tuesday night could fall almost to the threshold of hearing, a breathless *sotto voce* that seemed occasionally in danger of disappearing altogether. And though she gave a gentle, precise and loving account of Alban Berg's op. 1 sonata, there is far more passion in that music, and more urgent excitement, than she ever discovered (Berg's climax is quadruple-fortissimo; hers was little more than forte).

The magical ostinato figure in the second of Schoenberg's six op. 19 pieces was so shyly proposed as to be barely audible, let alone perceptible as the tiny but powerful dramatic core of the music. Webern's Variations op. 27 were delicately, prettily woven, poised on velvet rather than a knife-edge. The best of the evening was an elegant, cogent performance of Schoenberg's op. 25 Suite—the composer's first work ever to be built entirely from a tone-row—and the most fully developed as an individual interpretation.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 18-24

Exhibitions

NETHERLANDS

Amsterdam, Van Gogh Museum. 90 Whistler etchings from the Zelman collection follow the career of the brilliant eccentric from his Paris period, through the penetrating observation of London's dockland, the tranquility of the Venetian set, and closing with the late, dreamlike impressions of Amsterdam. Ends June 8.

SPAIN

Madrid, Contrasts of Forms. Abstract and geometrical art sponsored and recently exhibited at Moma, New York. 150 works by 20th century artists set out chronologically, offers a coherent display to 1980 with Braque, Leger, Picasso, Mondrian. Biblioteca Nacional, Paseo de Recoletos 22. (435 40 03). Ends June 30.

VIENNA

Jewellery from 1900-25: A selection from the Museum of Applied Arts' extensive Art Nouveau jewellery collection not usually on display. The museum began its collection in 1900. Ornamental combs by René Lalique, enamel and ivory pieces by Gaillard, and beautiful jewellery using glass and semi-precious stones by the Belgians Van de Velde and Philipp Wolfers. There are also pendants, lockets, brooches, necklaces, belt buckles and rings from the masters of the Wiener Werkstatte — Hoffman, Moser and Czeschka — many on public view for the first time. Applied Arts Museum, ends June 8.

TOKYO

The Art of Tendai Buddhism: Tendai, one of the major esoteric Buddhist sects based in Kyoto, celebrates the 1200th anniversary of its founding. 200 exhibits include treasures from 7-10th century Tang China and 12th century Japan. Tokyo National Museum in Ueno Park. Ends May 5. Closed Mondays.

NEW YORK

Metropolitan Museum: Liechtenstein, the Princely Collection, one of the greatest private collections in Europe, shows a variety of the holdings, like a French Rococo carriage, firearms, sculpture and a hundred paintings, including 10 Rubens, five Van Dycks, and eight Franceschinis. Ends May 1.

WASHINGTON

National Gallery: The 150th anniversary of Winslow Homer's birth is commemorated in an exhibit of 100 watercolours of rustic scenes and rural life, which show Homer's experimentation in watercolours before he attempted subjects in oils. West Building. Ends May 11.

CHICAGO

Art Institute: The 75th American Exhibition chronicles the current scene in American art represented by 20 artists including Jennifer Bartlett, Roger Brown, Frank Stella and Ed Paschke. Ends April 27.

LONDON

The Tate Gallery: 40 Years of Modern Art is a huge, rambling and always fascinating display marking the retirement of Ronald Alley, Keeper of the Modern Collection for the last 20 years. He has chosen and arranged the show, drawing only on the Tate's stocks. Revival of critical interest in European work before 1960 has meant that the influence of the New York School is no longer the power it once seemed. The work now takes its place with its international peers. The Tate stands among the best of modern collections, and this show makes clear its unique character of generosity and open-mindedness. Ends Apr 27.

PARIS

Vienna 1880-1938: Centre Pompidou stages one of its vast exhibitions where different disciplines combine to bring to life a moment of history. Turn of the century Vienna, melting pot of nationalities and races, is the scene of a paradox. The mournful atmosphere of a *fin de regne* is lit by an explosion of ideas and artistic creativity with architects like Wagner, musicians like Mahler and Schoenberg, thinkers like Freud and painters like Klimt, Schiele, Kokoschka and the Secession Movement. Some 2000 exhibits bear witness to Vienna's contribution to modernity. Beaubourg-Centre Georges Pompidou. Closed Tue. Ends May 5. (4271 1233).

WEST GERMANY

Berlin, Haus am Waldsee, Argentinische Allee 30: 1960-1985 Aspects of Italian Art. 100 works by 30 Italian painters, covering the last 25 years. Among them Cerolí, Fabro and Kounellis (Ends April 27).

Düsseldorf, Kunstverein Grabbeplatz 4: Josef Beuys water colours from a private collection. 250 paintings by the artist, who died in January, are shown for the first time. The exhibition covers the period from 1952-86. Ends May 25.

BRUSSELS

The Phoenicians and the Mediterranean World. Sculptures, ivories, jewellery and glass from Tyre, Sidon, Byblos, Malta, Thebes & Carthage. Société Générale de Banque. Ends May 6.

ITALY

Florence, Museo Nazionale del Bargello: Homage to Donatello: to celebrate the 6th centenary of his birth the 19 Donatellos the museum owns, of which only six are of absolutely certain attribution, have been grouped, with much documentation, to give a new view of the artist. The exhibition includes his extraordinary, languid bronze David. Ends May 30.

Saleroom/Antony Thorncroft

Up go the shutters

The week of photographic sales in London started yesterday at Phillips with some extra-ordinary prices being paid for five daguerreotypes of scenes in northern Brazil taken in the 1850s. They sold collectively for £16,000, way above target. Douglas, an American dealer, bought four of them, with a top price of £4,800 (estimate £700-£1,200); and Kossow of London the fifth, for £4,500. "Illustrations to Tennyson's Idylls of the King, and other poems," 13 plates by Julia Margaret Cameron, 1875, sold slightly below forecast at £2,200 to M. Lee, another American dealer; while an album of 33 prints of Jerusalem from 1865, more than doubled its estimate at £1,700.

Three students from Edinburgh University raised £139,870 to aid the needy of East Africa on Monday night by organising an auction, with the aid of Christie's, of contemporary art. Leading artists of the US and the UK donated works.

The top price was the £12,000 paid by London dealer Waddington for "Untitled," three rusted steel uprights by Claes Oldenburg. "Standing figure," in fibre glass and lead, by Anthony Gormley went for £8,000 to a private buyer while another London dealer, Gimpel Fils, paid £7,000 for "Untitled," an acrylic by Keith Haring, and £5,500 for "Clouds 1985," by Karel Appel. A Julian Schnabel portrait entitled "Brenda" was bought by Waddington's for £7,000.

Christie's continued yesterday with a mammoth sale of prints. Top prices among the Old Masters were £7,020 for "Saint Eustace" by Durer, and £6,480 for a large album of architectural prints by Israel Silvestre and others. Among the moderns, "Le pose habillé" by Picasso went for £4,860.

There was a very routine sale of Victorian paintings at Sotheby's Bond Street, with few prices topping £2,000; but at its saleroom in Billingshurst, Sussex, Sotheby's did well with silver. London dealers were active, C. J. Vander paying £12,650 for a George III epergne made by Thomas Pitts in London in 1784, and £5,940 for a set of 12 George III dinner plates made by William Bennett in London in 1809.

The Victoria and Albert Museum paid £4,400 for the original designs in water-colours, with samples of the materials and trimmings, by Lucile (Lady Duff Gordon), the first society woman to set up profitably as a couturiere. They came from the collection of fashion plates and books assembled by Mrs Doris Langley Moore which Christie's South Kensington sold for £37,300.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Thursday April 24 1986

Mr Botha's programme

BOTH sceptics of, and believers in, President P. W. Botha's reform programme were given food for thought yesterday. As the world learnt of plans to abolish South Africa's pass laws, legislation was in hand to give the Minister of Law and Order authority to declare "unrest areas" in which security forces would exercise powers similar to those used under the state of emergency lifted by the Government earlier this year.

On the face of it, a hated feature of apartheid is to be repealed in the most significant political development in South Africa since the legalisation of black trade unions took effect in the early 1980s.

The scrapping of the pass laws, under which 18m blacks have been arrested since their inception in 1916, provides the most tangible evidence of the Government's commitment to reform since Mr Botha asked the world last August to accept that apartheid was no more.

Does this abolition stem from genuine commitment to a political accommodation acceptable to the country's black majority? Or does it result from a narrow, albeit welcome, realisation that the battery of influx control measures does not work any longer and that the overall idea of apartheid must be adapted, but not scrapped?

Rural poverty

A definitive answer to these questions will have to wait until Mr Botha has addressed the special session of the ruling party in Durban next August when he is expected to give more details of his government's strategy. Later that month a special session of parliament will conclude its work and lay out further reform measures.

These will include critical issues such as restoration of South African citizenship to blacks deprived of it by the creation of "independent" homelands, black property rights, and the structure and powers of black local authorities.

In the meantime the welcome that yesterday's move deserves must be tempered by several considerations. The Government seems to have no intention of abolishing one of the pillars of apartheid, the Group Areas Act, which segregates residential and business areas on the basis of race, or the Separate Amenities Act which segregates education, health and other services.

The Government also appears to have affirmed that the 5m to 6m blacks living in the so-called independent homelands — Transkei, Ciskei, Bophuthatswana and Venda — are categorised as "foreigners" until negotiations on joint citizenship are concluded.

It is in the homelands that rural poverty is at its most acute and it is from these homelands that many workseekers come. They should be allowed to enjoy the freedom of movement now granted to their fellow black South Africans.

If Parliament in August confirms their citizenship of a unitary South Africa, it will be an important step towards the ending of apartheid's grand design.

Equitable representation

The most fundamental question, however, involves the administration of what is termed by the Government "controlled urbanisation," as a replacement for the pass law system. Part of the responsibility, it seems, will lie with black urban councils. Yet these councils and their officials have been the targets of sustained revolt in the townships, because they are seen not as representatives of the black community but as an arm of white authority.

It is inconceivable that the Government will win the co-operation of these councils as long as unrest continues. Yet their co-operation is vital. Otherwise the Government itself will step in and implement "orderly urbanisation," a phrase which could then become a euphemism for the pass laws in different form.

This in turn goes to the heart of Mr Botha's predicament. However well meaning a specific reform may be, it will be in danger of proving ineffectual unless the fundamental matter of equitable black representation in central government is tackled.

That is no reason to dismiss the abolition of the pass laws as inconsequential. The Government has already pledged R1bn over three years to orderly urbanisation in tackling the acute housing shortage, and it has urged the country's private sector to play its part. Business, domestic and foreign, should respond to the opportunity provided.

At the end of the day, however, Mr Botha should not be surprised if the response from within and outside the republic is: so far, so good—but let us now go to the root of the problem.

Barriers between 'us and them'

AS LORD YOUNG, the Employment Secretary, remarks in his Stockton Lecture, delivered earlier this week, the UK once enjoyed an industrial climate conducive to wealth creation: Britain, after all, invented the industrial revolution. The question which has perplexed politicians and economists of all stripes this century has been how to regain a sense of industrial vitality and purpose. What has to be done if the UK is to become the star performer in the EEC instead of one of the laggards?

Some of the Government's more enthusiastic apologists will argue that a transformation has already been wrought: that productivity has been rising much faster in the UK in recent years than elsewhere in Europe and that all that is necessary is to hold fast to present policies. Lord Young's analysis is more cautious: in his view, there will have to be a much deeper and more sustained change of attitudes, particularly within industry, if Britain is really to enjoy an industrial renaissance.

Special privileges

Much of what Lord Young advocates is no longer controversial. His emphasis on the need to break down the "us and them" relationship between management and workers, which still persists, was a theme recently taken up by Sir John Harvey-Jones, chairman of ICI. Both the Labour and Alliance parties in principle would surely accept the need to erase demarcation lines between bosses and workers: separate canteens, different hours and methods of pay may not be intrinsically important but they do help to destroy the sense of unity that seems to be crucial in the success of a range of companies—from IBM down.

The goal of more harmonious industrial relations and the achievement of a sense of co-operation, rather than conflict, between management and workers will require change on many fronts. The question of perks for senior executives has so far received insufficient attention. Economists have long argued that straightforward cash payments are much the most efficient form of remuneration because they leave people the freedom to choose how to spend their salary. But company cars and other special privileges are divisive when restricted to the lucky few. The Government should aim to eliminate entirely the tax benefits of perks.

Equality of treatment is also important in employee share ownership schemes and in profit-sharing arrangements. These have a useful role to play both in motivating the workforce and, by increasing the flexibility of overall remuneration, in reducing unemployment. But the impact is likely to be much greater if everybody working for a company is treated in the same way. Some executive share option schemes are better described as perks than as share ownership or motivate workers. As the Wider Share Ownership Council has argued, tax relief on options granted under approved executive schemes ought to be conditional on companies also operating broadly based schemes in which the entire workforce can participate.

New consensus

The same considerations apply to profit sharing. It is no use managers hoping that the schemes will allow them to cut the total remuneration of workers during difficult times if they are not also prepared to tighten their belts. One of the important features of Japanese profit sharing arrangements is that senior executives, as well as ordinary employees, suffer when their company under performs.

Britain has a long way to go if it is to match the performance of its more efficient foreign rivals. But the new consensus that seems to be forming across the political parties about the need to rethink the relationship between labour and capital and to alter attitudes both within and to industry is certainly encouraging.

BERISFORD AND COMMODITIES

Mr Marg comes down to earth

By Lionel Barber and Andrew Gowers

THE SHAREHOLDERS were eating out of his hand at Monday's annual general meeting. To the lay observer at London's Baltic Exchange, there was little to suggest that Mr Ephraim Margulies, the 61-year-old chairman of S. and W. Berisford, was a businessman at bay.

But Berisford, 10 years ago one of the highest-flying of Britain's commodity trading businesses, is in deep trouble. The commodity markets have fallen flat; its efforts to diversify into industry have created more problems than they have solved; and, according to the company's many critics, its management has failed to adapt to a world without inflation.

Over the last three months, Mr Margulies has been wheeling and dealing with no less than three companies, one Italian and two British, on a possible takeover bid for Berisford.

Ferruzzi, the Ravenna-based private food and agricultural conglomerate, has come and apparently gone. Hillsdown Holdings, the fast-growing and acquisitive UK food and furniture group, this week unveiled an offer document for its £482m bid.

And Tate and Lyle, the UK-based sugar refiner, eyes firmly on Berisford's prize asset, British Sugar, desperately wants to enter the fray.

At stake, among other things, is the future shape of the UK sugar industry, beset by continual rivalry between beet (produced by 12,000 framers and processed by British Sugar) and cane (imported from developing countries under the EEC's Lome Convention and refined by Tate & Lyle).

"Marg," as he is known to everyone in the industry and in the company, has still to show his hand. The immediate question is: can the quintessential trader pull off the most important deal of his life, and salvage something durable from his sprawling empire?

The story of Ephraim Margulies illustrates the challenge which commodity trading groups have faced since the late 1970s when the volatility which is the lifeblood of their markets started to evaporate, forcing them to look for new sources of profit.

For some, like those in the US, the escape route has led into the relatively young but highly active financial futures markets. In the UK, where financial futures are less developed, trading groups like Gill & Duffus have found diversification more difficult.

Berisford chose to channel its growth into the business of managing fixed assets as well as trying to make a quick trading turn. But as it discovered, this is not something to which dealers are necessarily suited—either by temperament or by management style.

Mr Margulies, the son of penniless Jewish immigrants from Poland, began trading in groceries while he was still at school in London's East End. Trading is still what he likes best: holding four telephones, barking into a "squawk box," eyes fixed on the prices screen, just relishing tha battla of wits.

And within Berisford, the small, tubby figure still surrounds himself predominantly with traders, all fiercely loyal if a little in awe of a man whose domination of the company borders of the patriarchal.

Mr Margulies first came to prominence in the 1960s as a dealer in cocoa, still one of the mainstays of his business, and his company— J. H. Rayner (Mincing Lane)—was absorbed in 1968 and 1969 by S. and W. Berisford, then a sleepy publicly-quoted sugar and food merchant. In return he took a 17 per cent stake and became a Berisford director.

For Berisford, this was almost perfect timing. The soft commodity markets were on the brink of their biggest boom in decades, fuelled by high inflation and volatile trading conditions.

Under Mr Margulies' direction, Berisford profits began to soar in the mid-1970s. Again, cocoa was a driving force. "The industry was expanding and the crop was always running a bit behind," says Mr Margulies with more than a hint of nostalgia. "It was a lively market."

Between 1969 and 1978, Berisford recorded compound annual growth in pre-tax profit of about 35 per cent, one of the best performances of any UK company.

The company used its strong cash flow to finance a string of acquisitions taking it into new territory: wool, meat and metals through to timber, tanning, fragrances and flavourings. By the end of the decade, Berisford was a sprawling collection of such small and medium-sized trading companies, which today number more than 200.

"The question arose of how to manage such a diversity of profit centres," recalls one former colleague of Mr Margulies. "Berisford failed to develop a proper management structure."

Then the boom faded. In the early 1980s, as inflation plunged and economic recession set in, the commodity markets began to run out of steam. Many traders—while still riding high on their deferred profits—saw the problems coming and attempted to jump clear.

As Mr Margulies saw it, the key to obtaining more stable sources of profit was to get closely involved in processing the goods he traded. It seemed a natural extension of the business. "When you're trading, there's a great temptation to add value, to get the next man's margin," he explained.

Berisford's first foray began with the purchase in 1979 of a US steel trading company, Erlanger Tubular Works, based in Catoosa, Oklahoma. Erlanger's speciality was steel pipe, which was in great demand in the booming US oil industry: it imported unfinished or "green" pipe from countries like Venezuela and Italy and sold it to drilling companies.

To the new owners of ETW, pipe seemed to be perpetually in short supply: it appeared logical to want to built a processing plant of their own to "finish" the pipe.

In the event, that decision was an expensive mistake—and one that can be identified now as the first root of Berisford's troubles.

Ephraim Margulies

The plant cost more and took longer to build than expected. By the time the factory was on-stream, the pipe market had collapsed and companies like Erlanger were left holding huge stocks of unwanted material. The trouble broke surface in the company's 1982-83 results, with Erlanger recording a £21m trading loss.

When it sold ETW in March 1984, Berisford had sustained losses of around £50m—and inventory write-downs were still drilling a hole in the company balance sheet as recently as last year.

Mr Margulies, who disarmingly admits that he has never been to Catoosa, Oklahoma, concedes that "our control areas did not move at the speed at which we were growing commercially . . . I'd like to hang the man who said we should invest $2m in that plant."

Unfortunately, the Erlanger debacle was unfolding just at the time that Berisford was eyeing a second, more ambitious takeover target: the British Sugar Corporation.

The logic of a bid for the UK beet sugar monopoly looked promising in early 1980. The company's profits and share price were falling as labour and fuel costs rose and as it became embroiled in a sugar price war. But Berisford saw strong potential for recovery, and BSC looked like a strategic asset that fitted with its existing sugar trading business.

The takeover turned into a protracted and wounding campaign. It took two years and a lengthy Monopolies and Mergers Commission inquiry before Mr Margulies could seal the deal.

By 1982, conditions had turned in BSC's favour. The UK sugar market had improved on the back of strong world trading conditions, and a devaluation of the green pound (the artificial currency used to calculate UK farm prices) gave a one-off boost to corporation prices and profits. Mr Margulies had to pay a total of £280m for what was now a mature business, £40m more than he had planned.

Mr Margulies had always thought that he could recoup this heavy outlay with a rights issue. In the event, this never materialised. After the Erlanger disaster, Berisford's share price would never have worn it.

The company was left with mounting debt at a time when its capital base was already under strain, and when the Rayner trading subsidiary was suffering badly from the depressed state of the commodity markets. British Sugar—now the main contributor to Berisford profits—was itself seeing a steady decline in earnings as a result of a strict EEC pricing policy, generous contract settlements with UK beet farmers and another domestic price war.

Against this background, the tin crisis which erupted last October was the final blow. The International Tin Council's default on its obligations to London Metal Exchange traders and to banks left Rayner heavily exposed and forced Berisford to make provisions of £35m last month to cover its potential losses.

According to the accounts for tha year ending September 1985, published last month and qualified by the company's auditors in the light of uncertainty over the tin provision, Berisford made a post-tax loss after extraordinary itams of £15.4m. A £20m dividand was paid out of reserves. More serious was the mismatch between shareholders' funds at £340m and group borrowings, including British Sugar, which Mr Margulies concedes total between £1.3bn and £1.4bn.

Berisford's vary independence was under threat.

Mr Margulies had been considering selling British Sugar for soma time. It never fitted comfortably into the group and he saw a sala as a way of raising cash to restore the Berisford balance sheet. He had also been beard to observe on a number of occasions that the commodity and property parts of the company could conceivably go private — which led to persistant City speculation that be wanted to mount a management buyout for Rayner and take it away from the public gaze of the stock market.

That seems likely to be the essential shape of any eventual deal for a takeover of Berisford. Ferruzzi was certainly thinking along these lines when it expressed an interest in the company in February. Mr Margulies says he has been talking to Hillsdown — at Hillsdown's request — about a possible buyout involving Berisford's commodity trading interests, although Hillsdown insists that it wants the whole company, not just British Sugar.

As for Tate & Lyle, its interest would definitely be confined to British Sugar; it has no wish to swallow the indigestible debts of the rest of the company.

Unravelling the tangle of trading companies — many of which have interlocking loans and cross-indemnities — makes it exceedingly difficult to put a value on Berisford minus British Sugar as a first step towards a management buyout. On some calculations, Mr Margulies would have to pay around £150m for the rump, but he would have to gear himself up further to run his new private business (already nicknamed "Margco" in the City).

According to those involved, it is also proving difficult to establish which companies Mr Margulies actually wants to take, and what he is prepared to pay for them. Both Hillsdown and — more discreetly — Tate are keen to strike a deal. But it is in Mr Margulies's tactical interests to keep everyone guessing and in the meantima to lever up the price for British Sugar.

As always, be is playing the trader. But this time, the commodity involved is a large chunk of his company.

Samuel Brittan's Economic Viewpoint will resume next Thursday.

ANATOMY OF BERISFORD

● Sugar and animal feed processing—includes British Sugar and Tridant range of animal feed.
Turnover £623m, trading profit £62.4m.

● Commodity merchanting and international trading—includes cocoa, tin, sugar, coffee (J. H. Rayner), tea, edible nuts, counter trade.
Turnover £3.64bn, trading profit £18m.

● Wool merchanting and processing, timber broking, wines and spirits, precious metals, engineering and industrial services, cocoa processing.
Turnover £743m, trading profit £25.8m.

● Property (London and the US) and financial services, including currency arbitrage, money broking, real estate, and securities.
Turnover £2.28bn, trading profit £19.2m.

Source: Berisford 1985 Annual Report

Men and Matters

Hot tips for the Fed

The Reagan administration appears to be moving rather more rapidly than it has in recent months to fill the vacancy on the Federal Reserve Board created by the decision of vice-chairman, Preston Martin, to resign at the end of this month.

Already, with Martin still in office, tha Whita House it latting it be known there is a shortlist of potential candidates.

Reportedly at the top of the list is William Gibson, aged 42, chief economist at Republicbank, who until 1981 was vice-president for economic and financial policy at McGraw Hill, and has also served on the White House council of economic advisers.

On the surface what is a littla confusing about tha names being bandied about is that while Gibson is seen as a "supply side" aconomist, another being mentioned is James Meigs, a monetarist, who recently retired as chief economist at First Interstate Bank, based in California. And another California bank economist, Robert Heller, is also mentioned as a possibility.

Some doubts have arisen whether Gibson will get tha job because ha appears to be insisting that be should take over from Martin as vice-chairman.

In tha Reagan Administration thara are thosa who are arguing that Manley Johnson, who joined the board in February after leaving his post as the US Treasury top economist, would make a good vice-chairman.

Like Gibson, Johnson is a "supply sider." The appointment of either would appear to tilt the board of the Fed a little mora in favour of faster growth.

Whila it took the Administration several months to fill the vacancy created wben Lyle Gramley rasigned last autumn, it seems that there will be no such delay in appointing Martin's successor.

"Vote Labour? You've got a nerve—he's a vandal and I'm a Militant"

True-colours

The Labour Party has not struck its colours, Neil Kinnock assured all and sundry at Aberdeen yasterday, before addressing the Scottish TUC. Both tha party's red flag logo and traditional anthem would be redeployed.

Kinnock had claarly been reading very closely the Press reports of the launch of the party's new freedom and fairness campaign—a package of policies inside a blue cover, with the slogan "Putting People First."

The Labour leader hotly denied that the campaign's use of blue meant either that Labour was trying to steal Tory clothes, or that it was moving to the right.

The publicity material, he pointed out, included a lot of photographs of the sky—and with the best will in tha world, there was little Labour could do about the fact that the sky was blue, not red.

Service resumed

Tha first fare-paying passenger airship sarvice parmitted by aviation authorities sinca tha Graf Zeppelin (Germany) returned from South America to Friedrichsbafen 49 years ago, took place yastarday from Watford, north of London.

Michaal Spicer, Britain's civil aviation ministar, was not envied by the small crowd on the grass airfield as he joined three other passengars in tha gondola of the Skyship 500 and made a historic but brief trip in tha rough conditions.

Hoping for bettar waathar, British Caledonian is sponsoring a regular airship service to make several flights a day over central London during the next two months, providing a sightseeing platform 1,000 ft above the capital.

Clearly a demand is there. Seats are £100 for the 1½-hour trip. Every flight bas been fully booked, and Alan Birchmore, md of Airship Industries, owner of Skyship 500, says the company also has a waiting list of about 1,000.

A more serious purpose lies behind the new service than sight-seeing. It is to prove the modern airsbip, filled with safa helium gas, and powered hy lightweight car engines.

Airship Industries' principal shareholder, Alan Bond, of America's Cup fame, is pitching for a contract to build a much bigger military airship for tbe US navy which would be able to stay above a surface fleet for many days carrying surveillance radar.

The first Airship Industries machine flew five years ago. Tha company's young British designer, Roger Munk, bas produced a design for tha US contract which could also be adapted to a civilian nse to carry 200 pasaengars.

Tea-time

The Confederation of British Industry has persuaded several cabinat ministars to address its council mambers recently. And, frankly, the industrialists have been surprised at what they have heard about life in the corridors of power.

Peter Walker, the Energy Secretary, decided that energy saving must start at home. So he lookad around bis own ministarial hq on Millbank.

He was not unduly disturbed to find electrically-haated urns of boiling water availabla for tha making of civil servants' tea. It is wall understood that civil servants run on tea like cars run on petrol.

But Walker then discovered that tha indispensable urns were kept bubbling way all day and all night, and weekends as well.

He has now reported to the Prima Minister that be has cut the Millbank energy bill by one-quarter.

Mind you, it is difficult to get a cup of tea there now out of office hours.

Pure motive

Good Vodka can be difficult to come by in Russia these days because of the campaign by the authorities against drunkenness.

Amr Kamaliev, a train attendant from near Leningrad, was arrested for selling pure tap water as 40 per cent proof vodka to late-night travellers.

Kamaliev askad the court to take into account the fact that he was doing his bit in the campaign against drinking and lachobolism.

A good try—but he still got eight years.

Observer


Clement Attlee

PRIVATISATION : THE IMPORTANCE OF MARKET STRUCTURE

Type of company	State monopoly (eg British Gas)	Private monopoly (eg British Telecom)	Small private monopoly (eg British Aerospace)	State-owned company in competitive market (eg Electricity showrooms)	Privately-owned company in competitive market (eg Jaguar)
Can the company go bankrupt?	No	No	Yes	No	Yes
Can the company be taken over?	No	No	Yes	No	Yes
Is there an incentive to meet consumers' needs?	No	No	No	Yes	Yes
Is there an incentive to minimise costs?	No	No	Yes	No	Yes

Adapted from: J. A. Kay and D. J. Thompson, Royal Economic Society Lecture, 1985.


Margaret Thatcher

Why ownership is not everything

By Michael Prowse

If we will not endure a King as a political power, we should not endure a King over the production, transportation, and sale of any of the necessities of life. If we would not submit to an Emperor we should not submit to an autocrat of trade, with power to prevent competition and affix the price of any commodity.

The rhetoric is a century old and belongs to John Sherman, the father of American anti-trust policy. But it still raises a pertinent question about the British Government's latest privatisation plans: by focusing almost exclusively on the question of ownership, has it lost sight of the importance of market structure as a determinant of industrial performance?

After all, the Sherman doctrine is not that "autocrats of trade" are acceptable so long as they do not reside in the public sector. It is that they are not acceptable anywhere. Would he have regarded the industrial power of Sir George Jefferson, the chairman of British Telecom, as less dangerous simply because it is now exercised in the private sector? When Sir Denis Rooke, the chairman of British Gas, leaves the public fold in the autumn, will he suddenly cease to be an industrial "autocrat"?

It could be argued that industrial autocrats are considerably less fearsome in the public sector. Their industrial power is mitigated because state industry chiefs are theoretically answerable to democratically-elected politicians and an impartial Civil Service. In the private sector, the only brakes on their exploitation of monopoly power are the legal constraints of competition law and the effective muscle of their "independent" regulators.

There is room for concern on both counts. Privatisation of monopolies has become an acceptable industrial policy even though many experts—barristers as well as economists—argue that UK competition law is not particularly effective. The penalties for restrictive practices and collusive behaviour are often light, as Sir Gordon Borrie, the director of the Office for Fair Trading recently admitted.

Economists argue that UK law does not deal effectively with predatory pricing—the tactic by which large companies temporarily lower their prices below cost in order to bankrupt small rivals. Yet predation is likely to become a more serious problem following the privatisation of monopolies: with shareholders to satisfy, companies will be keener to maximise profits and hence to frustrate competition.

At the same time, UK competition policy is too bureaucratic and — ironically — too state-dominated. When companies are damaged by restrictive practices the most they can normally do is complain to some public-sector authority such as the Office of Fair Trading which may then launch an inquiry. What they need to be able to do more easily and in more circumstances is to take action themselves and sue for damages.

Instead of privatising monopolies, the Government should be privatising the enforcement of competition law—in other words encouraging those whose livelihoods are threatened by restrictive practices to look after their own interests in the courts.

Mr Paul Channon, the Trade and Industry Secretary, has promised a review of competition policy but whether the laws will be rationalised and toughened in time to cope effectively with privatised autocrats of trade remains to be seen. It would have made more sense to reform competition policy first and then embark on a controversial phase of privatisation.

The other main worry concerns the weight of the existing and proposed independent regulators. Organisations like BT, British Gas and Thames Water are both powerful and skilled political lobbyists. Is it really plausible to expect tiny regulators like Oftel, the telecommunications watchdog, and the planned Ofgas and Ofwater, to keep tabs on their charges for more than a short initial period?

How is the relative importance of ownership and market structure to be assessed? The table, which is based on the work of Mr John Kay and Mr David Thompson of the Institute for Fiscal Studies (their answers to some questions are different) helps illustrate the arguments.

Economists are interested in two types of efficiency. The first is "productive efficiency": does a company produce at minimum possible cost? The spur here lies in the capital market: a company will seek to minimise costs when it faces the possibility of takeover or bankruptcy. Ownership is thus claimed to be the key to productive efficiency.

The second type of efficiency concerns the ability of a company to respond to the needs of customers. Does it produce the "right" quantity of goods at the "right" prices? If it does, it enjoys "allocative efficiency." The spur here lies in competition in the product market into which the company sells. Market structure is thus the key to allocative efficiency.

A publicly-owned company in a competitive market (such as electricity showrooms) therefore has an incentive to meet customers' needs, but not at minimum cost. Conversely, a privately-owned monopoly has an incentive to minimise costs, but not fully to satisfy the consumer, in terms of the range and price of its output.

There are two caveats, however. First, size is also crucial. If a privately-owned monopoly is very large, like BT, the capital market (abstracting from special devices like golden shares) will not exert a discipline: there is no real prospect of either takeover or bankruptcy and hence no strong incentive to minimise costs. In other words, the gains from transferring an industrial autocrat from the public to private sector may be slim. (Note that the suggested answers in the first two columns of the table are identical and quite at variance with those in the final column.)

The second caveat is that the table fails to illustrate the ways private monopolies can underperform public ones. Their allocative efficiency, for example, can be even poorer simply because they tend to be more serious monopolists — keener to maximise profits which in their case will not lead to the efficient pricing of goods.

What is the moral to draw from this? One is that there is no simple answer to the question: is privatisation beneficial? It depends on the company; it is quite logical to support the sale of Jaguar and oppose the flotation of British Gas. Privatisation is not an homogenous activity.

What about the relative importance of ownership and market structure: is it better to privatise a monopoly or to seek to liberalise the market in which a publicly-owned company operates? The answer most economists would probably give is that market structure matters more. This is partly because it seems easier to provide artificial incentives to productive than allocative efficiency.

Take the case of a publicly-owned company trading in a competitive market. There seems no reason why capital market pressures should not be simulated. After all, a public authority could in principle allow parts of its business to go bust and accept takeover bids from the private sector. Thus if an electricity showroom consistently trades at a loss, it could be shut down and if Curry's say, makes an attractive bid, it could be accepted. At the same time, better management could be encouraged by explicitly linking pay to performance—by linking bonuses to the degree of cost-minimisation achieved.

By contrast, the task of improving the allocative efficiency of a large private monopoly seems of a different order of magnitude. It is extremely difficult to simulate competition in product markets—as the new independent regulators will doubtless discover.

Nationalisation and privatisation are both ideologies that emphasise the significance of ownership. Nobody would argue that ownership is irrelevant but there is cause for concern when this consideration starts to deflect attention from the more important economic issue of market structure. This appears to have happened in the latest privatisation plans.

Rather than worrying excessively about the location of "autocrats of trade" whether they wear public or private sector hats, the Government needs to concentrate on the extent of their power and the adequacy of competition and anti-trust law. There is also a need to find more imaginative ways of combining public ownership and effective competition—the two are not necessarily oil and water.

British management

Class structures and the imagination gap

By Larry Siedentop

IS EDUCATION being made a scapegoat for the failures of the British economy? Much has been written recently about the anti-commercial attitudes fostered by British schools and universities, yet the source of the problem goes even deeper than that. Anti-commercial attitudes and an anti-theoretical outlook (itself a great obstacle to education in Britain) are closely joined and both have their roots in social structure — in the stratification of British society.

An important aspect of what might be called a speculative attitude is the ability to imagine oneself into other social positions, to enter into the hopes and fears of people in various circumstances. Understanding those hopes and fears is a prerequisite for harnessing them commercially — for identifying and satisfying a potential market. That imaginative leap into other people's minds is therefore indispensable to economic growth.

Yet perhaps the most conspicuous thing about British management in the decades after the Second World War has been its failure to do just that. And the most plausible way of accounting for that failure is to trace it to the strong residual sense of social position which survived in Britain compared with both the United States and, increasingly after 1945, other parts of Western Europe. Why should such a sense of social position inhibit commercial development? The answer is simple. Because it impedes the generalising process — i.e., thinking in terms of an "average" or "typical" consumer — and therefore worked against adaptation to what was the most important development of the post-war period, the decline of the old upper-middle class and working class markets in favour of a new "middling" market.

British industry had been geared very much to the old order. And British managers, drawn to a crucial extent from public school backgrounds, had little taste for the new market developing. What it is not too much to call their distaste for mass products regularly had one of two results. Either they could not imagine themselves into a mass market at all, and remained content with their small quality market. Or, they increasingly made things which they despised, things which they had no intention of using themselves!

Lack of enthusiasm for their own products and by implication distaste for the audience at which they were directed had a disabling effect on British industry. Making things for others but not, at least tacitly, for oneself does not lend itself either to innovation in design or to "quality-control." Thus, the single greatest advantage enjoyed by French, German and American manufacturers since the war has been their readiness to see themselves as consumers of their own products.

A growing sense that the large majority of people were coming to occupy a middling position in society — a sense which has existed in the US from the beginning, but has become paramount in Western Europe since the Second World War — developed less rapidly and less certainly in the UK. That is not to say that many of the same "objective" changes were not taking place in the UK economy and society. The sudden emergence of a vast teenage spending power in the 1960s, for example, suggests that they were. But subjective changes, changes in attitudes, did not keep pace with them. Indeed, what one might say in retrospect about Macmillan's England and "swinging London" is that, at one bound, a whole society developed aristocratic aspirations. The survival of an older governing class, conspicious by its speech and attitudes, meant that the change in aspirations did not lead to a "bourgeois" outcome but to something both grander and far more precarious — a culture more stylish, witty and exhibitionist, but also deeply uncommercial in character.

While English pop culture amused and stimulated the younger people of Europe and North America, it did not divert them from their own bourgeois pursuits. The upshot was that, within less than two decades, Britain fell from being near the top of the European league economically to being somewhere nearer the bottom. In a curious way, and despite the overt hostility of many of the older generation in Britain to the swinging culture of the 1960s and early 1970s, that culture had confirmed the aristocratic self-image of the British: having things was fine, but making them was rather vulgar. By the same token, objects that were novel, odd or striking were more attractive than objects merely durable or well-designed.

For example, that residually aristocratic "pop" culture made it possible for Saville Row and Carnaby Street to proceed arm in arm. But at the same time the world market for men's clothes—one of the many markets in which at the outset of the post-war period Britain enjoyed an unrivalled prestige — was allowed to pass into other hands. Christian Dior and Cardin became important factors in the international market in large part because high-quality tailoring establishments in London could not imagine themselves entering or competing in a mass market. The truth was they did not wish to. Their identities ruled out, so to speak, any such move.

Such attitudes have now begun to change with a vengeance. Perhaps the cult of Dallas on TV ought to have alerted one. It was a sign that for growing numbers of people having money, however crudely or ostentatiously displayed, was beginning to be the important thing. Status is beginning to follow money, rather than money following status. In many ways, of course, such a "direction" for social change is inelegant and distasteful. It will make many of the informal constraints on competition in the UK far less effective than in the past—and as "manners" cease to constrain more formal, legal controls may be needed in the City and elsewhere in commerce. But the desire to make is also a great leveller — and it will make far easier the imaginative leap into other people's minds, that leap which social stratification in Britain had previously impeded and which has seriously disabled British economic development in coosequence.

The author is fellow and tutor in politics at Keeble College, Oxford.

Letters to the Editor

Latin American debt

From Mr H. Tiarks.

Sir,—The problem of Latin American debt would appear to be *how to live with the present* situation. The $20bn proposed by James Baker to cover three years would surely be less than the total interest on the loans and continued payment of interest may have to be the sine qua non of his "initiative."

The ettitudes of Mexico and Peru and their probable effects on other LA countries have now to be considered. Many of the countries have expressed tha feeling that it is unfair that they should pay interest at varying rates, mainly dependent on local conditions in the lender countries. *Another* thought frequently expressed is that the bank lenders should feel some compunction for massiva over lending urged by their governments for purposes of increasing exports.

It would appear logical to consider postponing all capital repayments for a period of np to 10 years — absolutely conditional on payment of interest without interruption. The question of the rate of such interest could be considered at any Gronp of Five meeting at the Tokyo summit. One consequence would be that the banks would write off part of the debt during the moratorium, absorbing the losses gradually.

It *must be clear to all that* there never will be, nor indeed need be, a question of repayment of all the debt — the goal being to creata conditions warranting further loans freely given.

Any of the 600 banks involved could offer tn sell its participation at a discount to another bank ready to assume the moral liability of fresh lending under tha Baker "*initiative.*" The *seller* could then write off the loss against tax. I believe there is already a little activity between banks swapping, say, an Argentine debt for a Brazilian one at prices to be agreed.

Henry Tiarks
Casa Ina,
Marbella Club,
Finca Torres,
Marbella,
(Malaga), Spain.

Oil prices and the US economy

From Mr S Mobbs

Sir,—Lex (April 18) seems under the impression that the higher-than-expected GNP number "may reflect the benign affect of lower oil prices on tbe trade balance." This seems rather unlikely, given that real GNP numbers are calculeted on a fixed-price basis—in other words, they measure volumes.

Indeed, to tha extent that lower oil prices stimulate US demand for oil but discourage US high cost production, one would expect the effect of lower oil prices through the trade balance to be negative for real GNP growth. Lex should look elsewhere in the national income accounts for the likely positive effects nf declining oil prices on the US economy.

S. N. Mobbs.
Credit Suisse First Boston,
22, Bishopsgate, EC2.

Busted bond buyer

From Mr J. Moorhouse

Sir,—All is not gloom for *holders of so-called busted bonds* featured in Nick Bunkers' article of April 19.

One Sunday afternoon last year I purchased for £8 a particularly attractive stock certificate in a country flea market. Whilst the script (which turned out to bo Polish) was quito meaningless tn me, I did find a very faded Rothschild signature in the margin.

I copied the certificate to N. M. Rothschild's bank asking if they could throw any light upon its history and received tha very next morning a telephone call from a *gentleman who* asked if I would like to be paid out in Swiss francs or dollars!

Heart racing, I asked how *much* I *might* expect. The equivalent of eighty pounds. Not a fortune, hut a good return on eight.

John J. Moorhouse,
10 Snow Hill EC1.

Pensioner paupers

From Mr J. Goodchild

Sir,—As a member of a pension scheme, I am extremely concerned by Eric Short's article (April 17) on surpluses.

Does tha Chancellor of the Exchequer talk to his Cabinet colleagues?

Persistently, over the past few years, government bas exhorted (and soon *will be brihing)* everyone to extend the private funding of pensions and reduce the future reliance npon the state.

Not a bad idea perhaps—providing that there is a sporting chance that promises will be delivered!

Mr Lawson said that the maximum contingency margin against adverse conditions that can protect these privately-funded pension *promises* is 5p in the pound.

I wish I knew who is supposed to be able to accurately predict events over the next 50 years or so with only a 5 per cent margin nf error! Just look at what has happened to the Stock Market in just the past 10 years—this crystal ball-gazer must have made a fortune!

If 5 per cent is to be the maximum protection that we can hope for, is the Government going to guarantee that even if the worst happens we will at least get 95p in the pound?

I hear no comforting words!

If we are not to produce a nation of pension paupers totally reliant upon the state, should not the maximum be mnch higher than that proposed?

Come on, Messrs Lawson and Fowler, talk to each other—or better still, listen to each other!

John Goodchild,
2 Windsor Way,
Rayleigh, Essex.

Risks and benefits

From Mr R. McCrindle, MP.

Sir,—It was refreshing to detect a positive note amidst the CBI's criticism of the Government's plans to pey a constributions bonus of 2 per cent for five years to all employees taking out new style personal pensions. (April 21). It acknowledges that personal pensions would, as a result, be particularly attractive to the young, although it is rightly concerned about the effect this might have on existing company pension schemes. Instead of complaining and crying foul play, I suggest that the CBI, its members and the pension funds should start preparing their defence of existing schemes and place them before the members and prospective members of those schemes. The 2 per cent bonus will make little difference if tha young in particular are persuaded that company pension schemes are the hest option.

Pension funds hava for far too long taken their members for granted, and it is no had thing that individuals will, as a result of government policy, be encouraged in particular to make plain the positive and negative effects of the various *pensions nptions* available. There are risks and benefits to the options and, while for many people continued membership of a good company pension scheme may provide a better solution than a personal pension, the choice should be there, and should be for them to make. Company pension schemes will have to be justified on their merits, and not simply presented as the only option.

Robert A. McCrindle,
House of Commons, SW1.

Hostages to fear

From Lynda Longbottom

Sir,—I fear that Mr Davidson has allowed the British trait of defending the underdog to blinker his vision (FT April 21 — Throwing bricks at a wasps' nest).

My first, second and third reactions were that both Mrs Thatcher and President Reagan were wrong. My fourth was to realise that I was afraid, and that I was condemning the action because of my fear.

The Lebanese hostages were taken hostage before the US bombed Libya, and Lebanese hostages have heen shot before. The American soldier was killed in Berlin before the American diplomat was shot in Khartoum. And the TWA plane was blasted in the air before the bomb was taken into Heathrow Airport *last week.* It is not honest tn pretend that these things only happened because of tha US bombing in Libya.

It is not so long ago that millions were killed because of one man's fanaticism and because others were too afraid to stop him. We are in danger again of calling for "Peace in our time" for all the wrong reasons.

Lynda Longhottom.
89, Campbell Crescent,
East Grinstead, Sussex

A warning, not a forecast

From Professor P. Minford

Sir,—Tim Congdon, in his attack an M0 (April 16), quotes my "*forecast*" of a *slowing* in the economy if interest rates were not lowered and argues that events hava disproved it. But as he knows well the Liverpool forecast is and has been for a long time for substantial growth this year; a warning is not the same as a forecast. The forecast assumed progressive falls in interest rates and a move of M0 towards the middle of its target range; both of *these are occurring,* I am glad to say, suggesting that the warning signs were heeded in time.

The *Chancellor* in bis Lombard Association speech confirmed that M0 is now the major indicator of monetary policy, and rightly so: M0 is a timely, sensitive and reliable indicator of the pressures exerted by monetary policy on nominal GDP. It is Tim Congdon who has misunderstood this point, in attacking M0 for not being a "determinant" of important economic variables: an indicator is not necessarily a determinant.

(Professor) Patrick Minford.
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FINANCIAL TIMES

Thursday April 24 1986

St Regis resells UK paper unit in £74m deal

By Andrew Taylor in London

ST REGIS Holdings, the British paper and packaging company bought out by its management eight months ago for £32m ($21m), has been resold for £74m.

An agreed takeover announced yesterday by David S. Smith of St Regis Holdings will create one of Britain's largest independent paper and packaging manufacturers with combined sales of about £200m.

Institutional shareholders and directors of St Regis holding the equivalent of 53 per cent of the ordinary share capital have agreed to accept the terms.

Eight months ago Mr Harold Hazell, St Regis chairman, led a successful £32m management buy-out to acquire the British paper and packaging arm of St Regis from Champion International of the US.

There is understood to have been pressure on St Regis from institutional shareholders either to arrange a speedy flotation or substantially reshape its operations following last August's management buy-out.

This is by far the biggest deal undertaken by the rapidly expanding David S. Smith group, which since December 1984 has paid a total of almost £30m in cash and shares to acquire Abbitrin, a private manufacturer of corrugated packaging, and Western Board, which makes board from waste paper.

Abbitrin accounts for about three quarters of David S. Smith sales, estimated to be about £40m this year. As a result of the latest acquisitions, Smith's pre-tax profits jumped from £26,000 to £2.55m in the six months to October 26 1985.

Under the terms of the deal, 12.3m St Regis convertible participating preference shares and 300,000 convertible management shares (equivalent to 14.6 per cent of the ordinary capital) will be converted to ordinary shares. It is proposed to acquire these on the basis of 228 Smith shares for every 100 St Regis shares.

This values the new ordinary shares at £67m and the preference at £7m at Smith's suspended share price (on April 10) of 203p. An alternative cash offer values the ordinary shares at £57.75m of 399p a new ordinary share.

St Regis, which last year generated sales of £156.4m and pretax profits of £9.2m, is Britain's sixth largest paper manufacturer. It claims to be the country's largest manufacturer of fluting paper.

It also has a corrugated division which converts about a third of the paper division's production of brown paper to corrugated fibre board packaging. Mr Richard Brewster, chief executive of David S. Smith, estimated that the combined companies would command about 15 per cent of the corrugated packaging market.

Royal Trust to buy Dow financial arm for $168m

BY BARRY RILEY IN LONDON AND BERNARD SIMON IN TORONTO

DOW Chemical of the US is to sell its financial services operations for $168m in cash to Royal Trust, a leading Canadian trust company. The proceeds will be redeployed into speciality chemical operations.

Dow Financial Services Corporation has been built up by the US-based chemicals giant as a means of diversification over the past 20 years, and includes controlling interests in Dow Banking, a Swiss bank, Arbuthnot Latham, a London merchant bank, and Savory Milln, a London securities business. There are also interests in the Far East.

Mr Leslie Merszei, chief executive of Dow Financial, said yesterday that the group had grown to a size at which "we were not best served by being owned by an industrial company."

Mr Hartland MacDougall, Royal Trust's chairman, said that his company was ready to inject between £50m ($75m) and £100m into its acquisition. "We will put in whatever is required to sustain growth," he added. "This acquisition is a key strategic move."

Dow Chemical will retain responsibility for $200m of bank loans which Royal Trust regards as carrying high risks. Half are South African.

Mr Michael Cornelissen, president and chief executive officer of Royal Trust, said the acquisition was designed to give the company "a strong presence in the major financial centres" without exposure to high risk areas of business.

He said that the expertise of Dow's private banking, investment management and stockbroking subsidiaries "would have taken us many years to establish on our own."

Royal Trust, with assets under administration of more than C$60bn (US$43bn) is among the largest of Canada's 70-odd trust and loan companies. The trusts' business is based on mortgages and fiduciary services, but they have expanded rapidly in recent years to compete directly with banks in such areas as commercial lending, a wide range of deposit accounts and foreign exchange.

Royal Trust, no relation of Royal Bank of Canada, is controlled by Trilon Financial, whose major shareholders are members of the Toronto branch of the Bronfman family, best known for its links with Seagram, the world's biggest distiller.

Mr Merszei said that Dow Chemical would retain ownership of certain insurance companies and a stake in an Amsterdam bank which cater principally to Dow's internal requirements and were not part of the Dow Financial group.

"If we were to continue our growth we really required a fully committed financial services' shareholder," he explained. Contact had been made last December through Mr Nigel Robson, a director of many City companies, who is chairman of Royal Trust's London board.

Royal Trust has an equity base of more than C$1bn, and it will finance the purchase out of borrowings and existing cash resources. The takeover is subject to various regulatory approvals, and is expected to be completed during June.

Members of Hambro family sell bank stake

By David Lascelles in London

A COMPLEX DEAL to enable some members of the Hambro family to sell their interest in Hambros plc was unveiled by the British merchant banking group yesterday.

The proposals were triggered by the wish of Mr Rupert Hambro, the former chairman of Hambros Bank, his father and two brothers, to branch out on their own and set up a new corporate finance business. The deal has been designed in consultation with the Inland Revenue to minimise the family's liability to capital gains tax, which could have run as high as £15m to £20m ($22.7m to $30.2m).

Hambros is to acquire Hambro Trust, the investment vehicle through which the Hambro family controls the banking business, in a deal worth more than £50m.

Hambro Trust shareholders, who also include non-family investors, are being offered Hambros plc shares and cash. According to yesterday's announcement, the value of the offer is 385p per Trust share, based on the price of Hambros shares before trading was suspended at 303p on Monday. Last night, Hambros shares closed at 265p, and Hambro Trust shares at 342p.

However, Kleinwort Benson will offer a cash alternative equivalent to 340p per Trust share, or a total of £51.1m. This offer will be underwritten by Sterling Guarantee Trust, the P & O subsidiary, Fleming Mercantile Investment Trust, Foreign and Colonial Investment Trust, and clients of Strauss Turnbull, the stockbrokers part-owned by Hambros.

The aim is to give Trust shareholders the choice of switching to a direct investment in Hambros plc, or liquidating their stake for cash. Although Hambro family members who sell their new Hambros plc shares will have to pay capital gains tax, there would have been a double tax liability if the Trust had sold its plc shares, and the family then sold their Trust shares.

The double tier share structure of Hambros, which gives holders of "heavy" shares greater voting rights, is also to be replaced with a single class of shares. Holders of heavy shares will be compensated for their loss of voting power by a two-for-seven scrip issue. This is an improvement on the one-for-five originally proposed.

The deal will reduce the Hambro family's interest in Hambros plc from one of effective control to a stake of less than 5 per cent.

News analysis, Page 26

GM prepares truck lay-offs in Britain

BY JOHN GRIFFITHS IN LONDON

THE PROBLEMS faced in the UK heavy trucks sector by Bedford, General Motors' commercial vehicles subsidiary, will be underlined tomorrow when up to 1,500 workers at its Dunstable plant, north of London, start a three-day lay-off.

Bedford said yesterday that the action, to reduce stock, will cut production by about 100 units. Competitive conditions in the UK and the continuing recession in overseas markets are described as having triggered the lay-offs.

Bedford's falling sales contrast with further increases in the UK sales of BL's Leyland Trucks division, which reduced its losses by a further £20m ($30.5m) last year.

Even so, Mr Les Wharton, Leyland Truck's managing director, said yesterday that a takeover of Leyland Trucks by GM remained "the best thing that could happen to us".

Despite last year's financial improvement, which followed a £27m reduction in losses in 1984, Mr Wharton said that the depressed state and volatility of Third World export markets made it unlikely that Leyland Trucks would achieve its target of reaching break-even by the end of 1987.

He emphasised that there had been no sign of any new approaches from GM after the politically inspired collapse of talks on GM's takeover of both Leyland Trucks and Land Rover last month.

But the Leyland management had been strongly supportive of the GM approach, and Mr Wharton said that a product rationalisation around Leyland's existing range, GM's ability to create a Europe-wide distribution network and its resources to fund adequately joint replacement trucks for the 1990s, represented potentially an ideal way forward for both companies.

Mr Paul Tosch, Bedford's chief executive, said recently that GM remained interested in Leyland Trucks, but that any renewed approaches would have to come from the UK Government.

Bedford's UK heavy truck sales fell by just under 12 per cent in the first quarter of this year, compared with a downturn in the sector overall of 3.6 per cent. It has dropped to fourth place in the heavy trucks league, behind Leyland, Ford and Mercedes. In the same period Leyland Trucks' sales increased by nearly 20 per cent.

The worst impact on Bedford has been in overseas markets, however, where sales were down 40 per cent in the first quarter compared with the same period of the previous year.

Over the past 2½ years Bedford has cut its heavy truck capacity from 50,000 to 30,000 units a year. Heavy truck output last year was just under 15,000 units. In March, production rates were cut from 38 to 32 vehicles a day.

Leyland Trucks, with annual capacity of 15,000 units, built about 10,000 trucks last year.

Spanish king urges Gibraltar solution

By Robert Graham in London

KING JUAN CARLOS of Spain yesterday put his full weight behind a satisfactory solution to the problem of sovereignty of Gibraltar, which has bedevilled Anglo-Spanish relations.

In a formal address to the joint Houses of Parliament on the second day of his state visit to Britain, the King said he hoped both governments could find a formula that would transform differences into "harmony".

The King's address was the first by a reigning monarch before such a joint session. The full pageantry of ceremonial Westminster was brought out both to pay tribute to the King's own role in consolidating Spanish democracy and to set a formal seal on a new era in relations between the two countries.

Britain is the last country in Western Europe to be visited by the King in his 10-year rule. Yesterday, accompanied by Queen Sophia, he was clearly moved by the occasion, and by the spontaneous applause from his audience when welcomed by Lord Hailsham, the Lord Chancellor.

Picking up from remarks made on Tuesday night during a state banquet at Windsor Castle, King Juan Carlos said Britain and Spain had enjoyed a long history, sometimes with confrontation. Gibraltar was one of the results of such confrontation that still remained unresolved.

"The recently resumed dialogue over Gibraltar is a step forward but there still remains a long way to go," he said. "I trust that our respective governments may be capable of standing the test of history, and so find the formula that will transform any shadow into an element of harmony for greater co-operation between both our countries..."

The King then stressed the close trade and cultural ties that bound the two countries, emphasising Britain's position as Spain's fourth biggest trading partner, and the presence of thousands of Spaniards working in the UK and more than 40,000 Britons living in Spain. He added: "These facts are merely an indication of the things that bring us together and call for the disappearance of the only problem that separates us."

The King was careful not to step too deeply into the realms of diplomacy and left practical discussions on bilateral matters, including Gibraltar, to the Spanish Foreign Minister, Mr Francisco Fernández-Ordóñez. However, the King made clear in private that he regarded this visit as the final element in the process whereby Spain is fully accepted back into the group of Western European nations.

He and Queen Sophia were later entertained at a lunch by Mrs Margaret Thatcher, the Prime Minister.

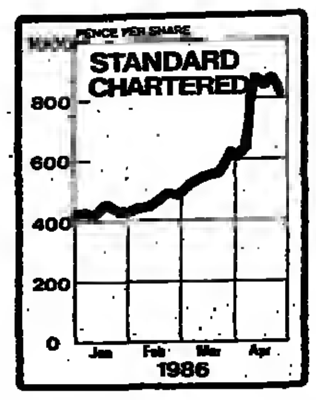
THE LEX COLUMN

The lowering of the Standard

At the start of the week, Standard Chartered's shares were trading at around 870p. For the arbitrageurs and the defenders of Standard, that must now seem an awfully long time ago, the shares closed yesterday at 812p after flirting with even lower levels. At this rate of decline, Lloyds Bank may actually start to wonder whether it stands a chance of picking up Standard at the sighting price of 750p. For want of hard fact, the market has been swirling with competing explanations for the slide.

Negatively, there is the thought that some alternative bidder may have folded its tent and stalked off into the oriental shadows. If Hong Kong & Shanghai ever was going to make an offer for Standard (preparatory to having a go at Midland, as the market canard would have it) the price now suggests that it has thought better of the idea. Nearer home, but with even less plausibility, the ubiquitous notion that Standard has been sniffing over Exco would seem to run up against the same O'Brien rule against the mixture of banking and money broking which so recently stopped Exco from merging with Morgan Grenfell.

Towards the end of the account, however, there must be quite a number of shaky holders of Standard, and the jobbers will have bad pleasure in forcing them to liquidate. Moreover, the temptation to realise a three-month profit of 400p is not something that every speculator can resist. If there were another offer, no doubt, Standard might go for £10 a share. But although Lloyds has made Standard safe to hold at 800p, the chances of further gain in a faltering market seem limited.



Hambros

When it finally came, Hambros' answer to its family differences proved a disappointment to recent buyers of the shares who had pushed the price of the limited voting class above £3. After the news they slumped 38p to 265p, perilously close to the 260p underwritten price for the cash alternative, as hopes of a bid faded.

Even if not the solution some shareholders looked for, the offer for Hambro Trust is a most elegant one. By exactly matching the Trust's share and cash holdings with the offer terms, Hambros does itself no damage and avoids placing a stake with someone who might seek control. It also saves those Trust holders who stick with Hambros shares from the taxman.

The price has been an increase in the compensation terms to the heavy-voting shareholders for the enfranchisement of the limited shares. Limited-voting shareholders can hardly vote against that if they want their own lot to be improved. They will be comforted by a forecast of substantially higher profits for the year just ended, although that is what other merchant banks are reporting. Estimates of pre-investment gains and extraordinary items profits of £18m (£12.8m) still put the shares on a high rating, and lacking the bid support they may fall further once the cash alternative is out of the way. The new business of the Jocelyn and Rupert branch of the family could prove more exciting to watch, but impossible to invest in.

BPCC

Forgetting the welter of Maxwell deals for a moment, there is an underlying business at BPCC that still needs to produce annual figures. Some of the numbers that go to make up the pre-tax profit of £25.5m for 1985 fit in well with the expansive picture of a mushrooming multi-media communications group, others less well. Printing profits were 44 per cent ahead, at nearly £24m. But the effect of a clean managerial sweep in the Purnell operation was to wipe out all but a tiny fraction of the profits from BPCC's pre-Pergamon publishing interests. And it was a slightly disquieting surprise to the market to see property development income of £15.6m replaced by a net charge to the revenue account.

According to Mr Maxwell's strategy, however, these problems and achievements will look vanishingly small by 1990, when BPCC is projected to be turning over £3bn or more across a wide spectrum of information products. Multiplying the scale of the business roughly twelvefold in four years will surely take some doing, whatever cocktail of organic growth and acquisition is attempted. But the possibility that BPCC may make a killing in contract newspaper printing – and distribution – looks closer to realisation than it ever did before Mr Shah and Wapping. And at 288p, down 9p, the historic yield of 6 per cent should conquer any doubters among the income funds.

BES/Ashdown

Discounts in the investment trust sector have always puzzled the uninitiated, and tempted the avaricious. Share prices at premiums to asset value are even harder to comprehend. If the difference between the two is a reflection of a trust's management, that at British Empire Securities has won an enviable reputation of the type which feeds on itself. After stalking Scottish Investment Trust and then getting out at a profit, and declaring a policy of investing in undervalued assets, with gingering-up implied, any investment trust manager finding British Empire on the share register must shake in his shoes. Perhaps that explains a slightly less than spirited defence from Ashdown to the £66m bid, agreeing to a cash alternative at 95 per cent of asset value.

Keeping its share price at a premium is, not surprisingly, an article of faith at British Empire. It makes takeover so much easier and there is no reason to assume that they will end here. The trust has come from £5m to nearly £100m when the Ashdown deal goes through in just over two years. Continued growth depends on maintaining the faith of the shareholders, mainly large institutions including Imperial Life of Canada, the managers. The Ashdown deal does put a strain on British Empire, requiring borrowings of around £25m which could prove painful if the market tumbled. But if British Empire can cope with this there are plenty of other underpriced assets around.

US presses Bonn to boost growth

Continued from Page 1

week. The broader FT-SE 100 share index lost 32.5 to 1,632.7.

Government gilt-edged securities lost up to 2 points as money market interest rates rose.

On Wall Street, investors have become increasingly nervous in the past few days about the impact of the dollar's dramatic decline on foreign, particularly Japanese, demand for US dollar-denominated securities, adds Paul Taylor from New York.

The sell-off continued in early trading yesterday, sending both short-term interest rates and long-term yields sharply higher.

In the credit markets, which face a deluge of new Treasury paper at the start of May, government bond prices were marked sharply lower

W. Germany orders Libyans to leave

Continued from Page 1

whom live in West Germany and West Berlin.

Britain will today urge some of its more reluctant European partners to take practical steps to implement the measures on curbing the Libyan presence in Europe.

Mr Douglas Hurd, the UK Home Secretary, will emphasise the need for continental Europe to follow Britain's lead in expelling Libyans suspected of subversion when he addresses the Hague meeting of the Trevi group, a gathering of interior and justice ministers and officials which deals with the practical aspects of the international battle against terrorism.

He is expected to press his colleagues to act immediately to sharply reduce the size of the Libyan diplomatic missions in Europe, and to curtail the freedom of movement of those remaining.

The Trevi group, named after the famous fountain in Rome, the city where the first meeting was held some years ago, is dedicated to agreeing on practical steps to improve day-to-day cooperation between governments, police forces, security and intelligence agencies in the fight against terrorism.

Consultations began yesterday with Mr Edwin Meese, US Attorney General, meeting Dutch and British officials in The Hague.

Chancellor Kohl has already hinted at tougher West German action. He is quoted in one newspaper today as saying West Germany should continue to reduce its trade relationship with Libya.

Tripoli, once West Germany's main oil supplier, has in the past few years been overtaken by both Nigeria and Britain.

Peter Riddell in London writes: The British Government does not want to be asked again by the Reagan Administration to agree to the use of F-111 aircraft based in the UK for military action against Libya.

While wanting to avoid any public divisions in the Western alliance, a sizeable group of senior ministers feel let down by the US bombing of civilian areas which they believe breach the spirit, if not the letter, of the undertakings given by the Reagan Administration about the targets to be attacked.

David Housego in Paris writes: Mr Jacques Chirac, the French Prime Minister, has tried to soothe anti-French feeling in the US with assurances that France would have supported a more ambitious raid on Tripoli aimed at removing Col Gadaffi from power.

This emerged yesterday after the Prime Minister's office confirmed that Mr Chirac had seen journalists from the New York Times on Tuesday. The New York Times yesterday quoted French officials as saying that the French Government had been ready to support American action aimed at securing a "major change" in Libya

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	19	66	Dubrovnik	S	17	63	Malta	C	11	52	Rhodes	S	22	72
Algiers	F	21	70	Edinburgh	R	5	41	Manchester	R	7	45	Rio de J'o	C	32	90
Amsterdam	C	11	52	Faro	F	17	63	Manila	S	31	88	Rome	S	20	68
Athens	S	20	68	Florence	R	20	68	Melbourne	S	18	64	Salzburg	F	15	59
Bahrain	S	27	81	Frankfurt	C	10	50	Mexico City	C	26	79	San Francisco	F	16	61
Bangkok	S	34	93	Funchal	F	18	64	Miami	S	31	88	Seoul	S	18	64
Barcelona	F	17	63	Geneva	C	6	43	Milan	R	14	57	Singapore	F	31	88
Beirut	F	18	64	Gibraltar	F	19	66	Montreal	C	7	45	Stockholm	F	1	34
Belfast	C	9	48	Glasgow	R	6	43	Moscow	C	10	50	Strasbourg	C	10	50
Belgrade	S	23	73	Guernsey	F	9	48	Munich	C	12	54	Sydney	S	26	79
Berlin	C	11	52	Helsinki	F	6	43	Nairobi	C	21	70	Taipei	C	23	73
Biarritz	C	14	57	H Kong	C	21	70	Naples	S	24	75	Tangier	C	15	59
Bombay	S	32	90	Innsbruck	F	17	63	Nassau	S	31	88	Tel Aviv	S	23	73
Bordeaux	F	15	59	Inverness	C	7	45	New Delhi	F	38	100	Tenerife	F	20	68
Brussels	S	13	55	Islamabad	S	36	97	New York	F	17	63	Tokyo	S	23	73
Budapest	F	22	72	Istanbul	S	18	64	Nice	R	13	55	Toronto	C	1	34
B Aires	C	25	77	Jakarta	C	31	88	Nicosia	S	23	73	Tunis	S	23	73
Cairo	S	26	79	Jersey	R	8	46	Oporto	F	12	54	Valencia	–	–	–
Cape Town	S	25	71	Jo'burg	F	19	66	Oslo	C	1	34	Venice	C	16	61
Caracas	C	30	86	Lima	S	24	75	Paris	F	14	57	Vienna	F	20	68
Casablanca	C	17	63	Lisbon	F	11	51	Peking	F	12	54	Warsaw	S	21	70
Chicago	C	9	48	London	R	9	48	Prague	F	14	57	Washington	–	–	–
Cologne	S	12	54	Los Angeles	C	25	77	Reykjavik	F	5	41	Zurich	C	10	50
Copenhagen	R	8	46	Luxembourg	F	8	46								
Corfu	S	19	66	Madrid	D	9	48								
Dallas	–	–	–	Majorca	S	19	66								
Dublin	F	10	50	Malaga	C	17	63								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Reagan keynote for Tokyo summit

Continued from Page 1

probably find they were more in agreement on Libya than had at first appeared. "I do not think our differences are all that great," he said.

He was confident that the Western countries would continue to enlarge their co-operation against terrorism and bring it to an end. He would not, however, elaborate on comments by his officials suggesting that the West European countries could still do more to crack down on terrorism.

In Tokyo, Mr Reagan said, the seven leaders should see what they could all agree on to combat "this plague." He welcomed a recent undertaking by Mr Bettino Craxi, the Italian Prime Minister, that Italy would respond if it was subjected to foreign terrorist attacks in future.

On the economic front, Mr Reagan said he was delighted that world currencies had "come more in line" as recovery spread to the US's trading partners. He would welcome a further rise in European exchange rates against the dollar if it occurred "as a result of economic growth."

The US would continue to press in Tokyo for free and fair trade, he said, and would like all countries to review current trade restrictions. The US would keep insisting on compensation for tariff changes caused by Spanish and Portuguese entry into the EEC, which he compared to taking $1bn in trade away from US farmers.

Mr Reagan said he would also ask the US's partners to study a proposal for a so-call Marshall Plan for the Middle East.

As for Mrs Thatcher, Mr Reagan dismissed a taunt by Mr David Steel, the Liberal Party leader, that she had turned the British bulldog into a Reagan poodle by supporting his strike against Libya. "She is not allowing anything in England to become an American poodle," he said. "I have never known a time when the English bulldog has been safer than it is with Margaret Thatcher."

What top managers think they're paid to do

BY MICHAEL DIXON

WHAT has made the British so bad at generating wealth? The scapegoat preferred by most governmental and other pundits these days is the so-called anti-industrial culture, which is said to have developed among Britain's leading citizenry in the nineteenth century. But historian Anthony Hartley has come up with a different explanation.

He says blaming the onset of the anti-industrial culture is mistaken because, far from being confined to Britain, it was part and parcel of the Romanticism which pervaded the upper crusts of most other western nations at the time.

The answer Anthony Hartley offers* is that leading British citizens came to see their role, not as developing and maintaining a thriving economy on their own country's soil, but as ruling the far flung Empire. Getting personally involved in wealth-generating activity was considered unimportant, if not demeaning, by comparison with administering overseas colonies.

In other words top people in Britain came to regard the work of management, not as taking direct responsibility for making and doing things customers want, but as telling one's "inferiors" what to do.

My feeling is that, even though the Empire has gone, the same attitude to managerial work still largely persists in Britain. And I am calling in support the figures in the table above.

Times Literary Supplement, April 18, 1986.

Company turnover		Chief executives: UK owned	Chief executives: American owned	Other directors: UK owned	Other directors: American owned
Under £20m	Average total earnings	£36,294	£41,672	£28,055	£28,621
	% made up by bonus	10.3	14.9	6.4	16.0
£20m-£50m	Average total earnings	£40,923	£43,738	£26,554	£30,385
	% made up by bonus	5.3	11.5	6.4	8.7
£50m-£100m	Average total earnings	£48,604	£77,609	£31,662	£40,254
	% made up by bonus	2.6	16.3	10.6	10.5
£100m-£200m	Average total earnings	£61,920	£83,296	£38,481	£39,038
	% made up by bonus	3.8	10.5	5.3	9.5
£200m-£500m	Average total earnings	£60,467	£58,500	£43,489	£46,388
	% made up by bonus	2.6	8.5	4.1	14.3
£500m plus	Average total earnings	£95,436	£123,696	£57,948	£57,044
	% made up by bonus	4.8	44.3	6.9	30.8
All sizes	Average total earnings	£57,603	£53,458	£39,282	£35,426
	% made up by bonus	5.1	18.5	6.6	14.5

It is drawn from the British Institute of Management's latest pay survey. (Anyone wanting to buy a copy should contact Peter Stevens of Remuneration Economics at 51, Portland Road, Kingston upon Thames, Surrey, KT1 2SH; telephone 01-549 8726).

The main topic of the table is the incentive bonuses earned by executives in Britain as part of their total cash pay. It seems reasonable to argue that the extent to which top managers' rewards are made up by bonuses tied to performance, as distinct from basic salary, reflects the extent to which their job is seen as taking direct responsibility for the making and doing of things which customers want.

The idea that people should be rewarded in line with their achievement, rather than paid regardless of it, is of course a hot topic in the UK. The Chancellor of the Exchequer, for one, mooted such profit-sharing in his recent Budget speech. And from the generality of reports on the subject, one might gather that the top executives of UK companies are eagerly practising what the Chancellor has preached.

My table suggests otherwise.

It takes two categories of managers of companies in different turnover ranges. One category is chief executives. The second is other directors, which excludes deputy managing directors as well as chiefs.

While all the companies covered are located in Britain, only some—albeit the majority—are UK-owned. The rest are subsidiaries of North American groups.

In each turnover bracket, I show the average total cash pay and the percentage of it consisting of performance-linked bonuses—first for the chiefs respectively of the UK companies and the American subsidiaries, then likewise for the other directors.

Here a warning is needed because American owned operations in Britain with turnovers above £100m are relatively few, and so the figures for their chiefs are based on unreliably small samples. The fact that a much larger proportion of the UK companies than the American are in the high turnover ranges, where management pay is almost always greater, probably explains why the "All sizes" pay figures for the UK companies are higher than those for the American owned outfits.

The "All sizes" figures, which are underpinned by a reliably large sample, show that the American companies' chiefs and directors are dependent on results for far bigger shares of their pay. Which surely suggests a marked difference between the views of the two countries' senior managers about the nature of the job they are paid to do.

Poor economists

THE OPENING of the spring salary-survey season has also stirred the UK's Society of Business Economists to publish a study of pay among its members—the first to be made since 1980. Readers wishing to consult it should contact Marian Marshall at 11, Bay Tree Walk, Watford, Herts WD1 3RX; tel: 0923 37287.

The main findings make quizzical reading to those who still believe economists can anticipate profitably what will happen in the economy.

During the six-year period the median total pay among the 136 people who responded rose in real terms by 10.2 per cent. But that compared with a 13.5 per cent real-terms average increase among the working population as a whole.

Downturn

BUT I'm afraid there is bad news today also for British managers and higher-grade specialists in fields other than economics. The Hay-MSL consultancy's check on advertised demand for executive-types in the UK during the first three months of this year, suggests that the recent boom in managerial recruitment has gone into reverse.

Since the end of 1981, January-March has consistently seen the year's most buoyant demand. Although it then fell back during the next three quarterly periods, it rose again in the following January-March to top the level of the corresponding quarter of the year before.

There is alas no such encouragement this time. From the all-time record of 11,624 UK-advertised executive jobs in the first three months of last year, demand has dropped to 8,804 — the lowest in a January-March period since 1982 when the count was 6,617.

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HongkongBank Trustee Holdings Limited (HTH) is a member of the HongkongBank Group. It is incorporated in the British Virgin Islands and has its Head Office in Hong Kong and subsidiary trustee companies incorporated respectively in Hong Kong, the Channel Islands, the Isle of Man, Gibraltar, Singapore and Malaysia.

Applications are invited for the position of Managing Director of HTH, who will be accountable to the HTH Board for the profitable development of the business of HTH and its subsidiaries. Based in Hong Kong, the job holder will be Managing Director of HTH and Chairman of its subsidiaries and will direct and monitor the performance of these companies as a co-ordinated international group. It will be a key requirement to define and provide strategic direction for the entire trustee business. Effective integration with HongkongBank's private banking operations will be of particular importance. A considerable amount of travelling will be required.

The successful applicant will have a sound practical knowledge of English Trust Law (particularly as it exists in one or more of the jurisdictions in which the subsidiaries operate); extensive international experience in trust administration (preferably with a trust company), and a track record of successful management, with proven abilities in marketing and business development.

The Trustee Diploma of the Institute of Bankers is required, and a legal qualification will be of value.

Conditions of service include a tax paid salary commensurate with qualifications and experience, furnished accommodation, annual travel allowance and education subsidy. Employment will initially be oo the basis of a renewable two year contract with a 25% gratuity.

Applications with full curriculum vitae should be forwarded to:

International Recruitment Officer
The HongkongBank Group
99 Bishopsgate
London EC2P 2LA

HongkongBank
The Hongkong and Shanghai Banking Corporation

GM International Operations

Light engineering Home Counties c.£35,000

Highly profitable and a dominant force in its field, this British company has considerable potential both at home and overseas. To optimise this position, a GM will be appointed to take P&L responsibility for manufacturing and marketing operations outside the UK – principally in Europe, North America and SE Asia – which generate sales in excess of £40m. The co-ordination of sales and marketing worldwide is of particular importance to the group, and the new GM will ensure that successful product applications are transferred between countries and industries. The role calls for an experienced and committed internationalist, in the late 30s – mid 40s, with a background in engineering, sales and general management. High-calibre performance will lead to significant career opportunities. Remuneration negotiable with a performance-related factor, and senior executive benefits.

Please send full cv indicating current salary, in confidence, to Michael Egan, Ref: GM26/9818/FT.

PA

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SWIX 7LE.
Tel: 01-235 6060 Telex: 27874

EXPERIENCED COMMERCIAL PAPER/EURONOTE SALESPERSON

Prestigious Wall Street Firm, actively trading worldwide, seeks an experienced commercial paper/euronote salesperson to work in London, as a member of its Money Markets Team.

The candidate should have an excellent educational background with a proven record of achievement in a financial environment, together with 1-2 years experience in selling commercial paper or related products.

The appointment offers a highly competitive remuneration and benefits package.

Please write, enclosing a detailed curriculum vitae, to:

Box No: ER102
The Extel Consultancy
Hazlitt House
4, Bouverie Street
London EC4Y 8AB

Financial Futures Senior Producers

A major US investment bank, with a substantial commitment to financial futures in the United States, seeks brokers with established performance, to join its London operation and to establish a capability to service non US areas. They are likely to have major business with the Middle and Far East.

Compensation will be results orientated, and will not be a limiting factor for those with the relevant abilities and experience.

Please contact Kate Syms in complete confidence on 01-404 5751, or write enclosing a curriculum vitae and quoting reference 3620 to Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page City
International Recruitment Consultants
London Brussels New York Sydney
A member of the Addison Page PLC group

JACKSONS LIMITED

A MEMBER CORPORATION OF THE SYDNEY STOCK EXCHANGE LIMITED

INSTITUTIONAL ADVISERS

Jacksons Limited is seeking Institutional Advisers in its offices located in:

SYDNEY, MELBOURNE, HONG KONG & LONDON

The additional advisers will expand and supplement an existing sales team which is supported by an active Research Department. Applicants particularly suited should be well known with clients in the location for which they are applying. Applicants may currently be with an Institution or merchant bank but most likely have had some institutional, advisory or research experience with a stockbroker.

An attractive remuneration package, which may include equity participation in Jacksons Limited, will be negotiated.

Confidential applications should be directed to:

The Manager
JACKSONS LIMITED
Diana House
33 Chiswell Street
London EC1Y 4SE
Tel: 01-628 7553

International Banking

CREDIT ANALYST

c. £14,000 p.a.

Our client, a substaotial European Banking organisatioo, wishes to appoiot a experienced Analyst for their active Credit region.

Duties will involve both administration and associated aoalytical tasks centralising on Eurocurrency, short and medium-term facilities.

Reporting to the Seoior Credit Officer, respoosibilities will include completion of credit proposals and legal documentation with an element of customer contact. Fluency lo Portuguese is a matter of preference.

For further details please call:
Jon Dufayel on 929 3854 or
alternatively 0920 69530 (evenings).

City Executive Recruitment

STOCKBROKERS' CLERKS

Owing to rapid expansion, Britain's largest provider of Computer Services to the Securities Industry are actively seeking to recruit additional staff for their Client Support department.

Vacancies currently exist in both the London and Cheshire offices for experienced Stockbrokers' Clerks who can demonstrate a good knowledge of Stock Exchange and Back Office Settlement procedures.

Applicants should be of smart appearance, have at least three years' practical experience in a Stockbroker's Office and be able to communicate at all levels.

Attractive salaries will be offered to the right candidates. Benefits include subsidised BUPA, free life assurance and health insurance.

Apply in confidence with full cv to:
Peter Black
NMW Computers plc
Stapeley House, London Road
Nantwich, Cheshire CW5 7JW
NMW—AN EXPANDING HI-TECH COMPANY

CREDIT ANALYST

£14,000

Dua to their continoed expansioo, this well known American bank has an excellent career opportunity for an ambitious analyst. Working with the Marketing Officers you will be involved in all the financial proposals and research into new business for their European customers. The successful candidata will be a Graduate in their early 20's with approximately 2 years' corporate analysis experience who is also looking to go oo a formal credit training programme.

For further details please ring:
Mike Blundell Jones on
01-236 1113 (24 hours)

PORTMAN RECRUITMENT SERVICES

Internal Auditor

c.£18,000 + Benefits

Providing a full range of commercial and merchant banking services, we are ranked among the top twenty, UK-based, international banks.

Due to internal promotion we are seeking an experienced audit officer to join our City based audit team and make a direct contribution to increased efficiency, effectiveness and profitability.

Reporting to the General Manager - Group Internal Audit, the key responsibilities of this management position will include leading audit involvement, system development reviews and special investigations both within head office and overseas.

Probably in your late twenties and from an international or merchant banking background, you will be an AIB with at least 3 years' auditing experience some of which will have involved supervisory responsibilities. You will also have a sound knowledge of computer audit techniques.

Please send a full cv to Mr. Geoff Ritchie,
General Manager - Group Personnel,
Scandinavian Bank Limited, Scandinavian House,
2-6 Cannon Street, London EC4M 6XX.

Scandinavian Bank Group

CORPORATE FINANCE EXECUTIVES

We are currently recruiting on behalf of a number of UK Merchant Banks who are looking to develop and expand their Corporate Finance Departments. They provide general financial services leading to money raising, re-financing, mergers acquisition and disposals for clients who include many of the best known names in British Industry. The ideal candidate will be a graduate aged 24-28 (at least 2.1. degree) with either A.C.A. qualifications gained within a City firm (no referrals) or be a banker with some experience of mergers/acquisitions or new issues work.

Promotion will be rapid for the individual who is confident, articulate and capable of taking the initiative. Ideal for a positive thinker wishing to develop into a deal-making banker. Competitive salary package including subsidised mortgage scheme.

Please ring or send cv to Sara Bonday

All applications will be treated in strict confidence

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

EXECUTIVE JOB SEARCH

Are you earning £20,000 – £100,000 p.a. and seeking a new job?

Connaught has probably helped more executives to find new appointments through its successful executive marketing programme than any other organisation.

Contact us for a free confidential fee assessment meeting. If you are currently abroad, ask for our Expat Executive Services.

32 Savile Row, London, W1 — Connaught — 01-734 3879 (24 hours)

The Executive Job Search Professionals

WILDE SAPTE

CORPORATE TAXATION

We are looking for solicitors or barristers with at least two years post qualification experience to join our growing Tax department. The work will consist of advising our United Kingdom and International corporate clients on all aspects of United Kingdom taxation.

Salaries and benefits will be competitive and career prospects are excellent.

Please write with full curriculum vitae to:
Robert Elliott
Wilde Sapte
Queensbridge House, 60 Upper Thames Street
London EC4V 3BD

BANKING OPPORTUNITIES

GRADUATE TREASURY MARKETING EXECUTIVE Early 30s neg c£30,000 pa

Prestigious investment bank seeks graduate treasury marketing executive with 2/3 years' experience of marketing full range of money market instruments including new issues, bonds, CDs, FRNs and forex. Two European languages useful. First-class career opportunity for suitably qualified person.

LIBRARIAN 20s c£15,000 pa

Graduate and member of the Institute of Librarians sought by first-class investment bank to set up its library and central filing system. This is a key appointment in a leading bank.

Please speak with Elizabeth Hayford — 01-377 8600
LJC Banking Appointments, 140 Bishopsgate, London EC2M 4JX

Heron International
Senior Investment Analyst

Heron is looking for a Senior Investment Analyst to join its Corporate Finance team and to work closely with the Chief Executive and members of the main Board.

The work will involve research and advice on securities investment in the U.K. as well as investigating possible acquisitions.

Applicants should be aged over 30, articulate, intelligent and well experienced in this field either in stockbroking or financial institutions.

This is a fine opportunity to join one of the U.K.'s most active and well known Companies and the successful applicant can look forward to a rewarding and exciting career.

A salary of around £35,000 p.a. plus various benefits is available according to age and experience.

Applications with full C.V. should be sent to:
Harry Dobin, Heron International PLC
Heron House, 19 Marylebone Road, London NW1 5JL

HERON

Better City Connections...

Talented Young Fund Managers
Competitive packages

Due to the dramatic increase in funds under management, two experienced fund managers are sought by the investment banking arm of one of the world's major banks.

The successful candidates will hold direct responsibility for investing client funds in the international equity and fixed income markets. In-depth knowledge of one or both of these markets is therefore essential.

This is an exceptional opportunity for career development within an expanding, highly professional firm.

Institutional Sales
Attractive salary

A major firm of British stockbrokers, respected for their research and the standing of their partner, seeks to expand their well-established institutional sales team.

The requirements are for individuals experienced in institutional sales who have a wide coverage of the UK market and a strong track record.

People with knowledge of the European markets will also be of interest to our client.

Salary packages will be attractive to high calibre individuals.

Please contact Anna Robson or Tim Wilkes at the Investment Division, 39-41 Parker Street, London WC2B 5LH, or telephone 01-404 5751.
All replies will be treated with the strictest confidence.

MP
Michael Page City
International Recruitment Consultants—London Brussels New York Sydney
A member of the Addison Page PLC group

BADENOCH & CLARK

FIXED-INCOME FUND MANAGEMENT
To £40,000

Our client is the rapidly expanding Investment Management arm of a major US Bank which manages directly or advises on a substantial amount of funds from its London office. The successful development of the operation necessitates the recruitment of a senior officer with 5 years experience, including at least 1 year with a non-dollar portfolio. Interested applicants should be able to display a strong macro-economic background and the maturity to step into a small, dynamic team and assume immediate management responsibility.

This represents an exciting opportunity for career development and remuneration will be made particularly attractive to the successful candidate.

EUROBOND SALES
★ SCANDINAVIA ★

This position represents a highly attractive opportunity for an executive with over two years experience to develop a management career within a first rate organisation.

As part of a highly professional and expanding Eurobond Sales and Trading team, the successful applicant must be capable of providing immediate input in this high profile role. Remuneration will not prove a problem.

To discuss these opportunities further, please contact Christopher Lawless, Stuart Clifford or Jane Wilson.

Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU
Telephone 01-583 0073

JAMES CAPEL & CO.

L.I.F.F.E. TRADER

As part of our continuing expansion we require an additional L.I.F.F.E. Trader to join our established floor team.

Applicants must be experienced in all areas of dealing in the Financial Futures market and in customer liaison.

A competitive salary package will be offered.

If you think you may be interested please write in confidence, with details of career to date, to Richard Verin, James Capel & Co., at:

James Capel House,
P.O. Box 551,
6 Bevis Marks,
London, EC3A 7JQ.

Assistant to the Treasurer

£ attractive — **Thames Ditton, Surrey**

The Milk Marketing Board is responsible for the marketing of milk in England and Wales with a total turnover of some £2,000 million annually. It also operates a large dairy manufacturing business under the name of Dairy Crest Foods which in its own right has an annual turnover of £900 million.

A vacancy now exists for an Assistant to the Treasurer. This post covers a range of duties in the Corporate Treasury and as part of the Treasury team, the job holder will be responsible for managing and controlling the Milk Marketing Board's short and medium term sterling borrowing and lending operations together with its foreign exchange and leasing activities under the control and direction of the Treasurer or Assistant Treasurer.

Candidates with relevant graduate or professional qualifications, should have financial experience, with the ability to act decisively and with the minimum of supervision.

This is an interesting and challenging position and an attractive salary package will be paid to the successful candidate according to age and experience.

MMB

Please write or telephone for an application form to:
Mr. J. Crooke, Assistant Personnel Manager
MILK MARKETING BOARD
Thames Ditton, Surrey KT7 0EL
Tel: 01-398 4101, ext 2341

Lloyds Merchant Bank
Futures

The newly formed Futures Department of Lloyds Merchant Bank (Government Bonds) Ltd. seeks to employ experienced and qualified personnel in the following areas:-

— Sales
— Charting
— Technical Analysis
— Floor Trading

Applications with detailed CV in strict confidence to:

R N Dowler
Senior Assistant Director, Personnel
Lloyds Merchant Bank Limited
40-66 Queen Victoria Street
London EC4P 4EL

Lloyds Merchant Bank

Guinness Mahon
ENTERTAINMENT FINANCE

Guinness Mahon a well known Accepting House and acknowledged market leader in this specialised field, has a vacancy for a Loans Officer within its expanding Entertainments Group.

This highly successful team has to date financed over 50 feature films, TV mini series and TV programmes and, as a result of increasing business volumes, now requires an additional member to be involved in all aspects of the team's activities.

A graduate, and probably in your early/mid twenties, you will have an enthusiastic and flexible approach combined with a minimum of two years banking or possibly legal experience. Some knowledge of film finance would be a definite advantage, although not essential.

An attractive compensation package with the usual banking benefits is offered for the right candidate.

Please reply in writing, with a full c.v. to:-

Veronica Burwood, Personnel Manager, Guinness Mahon & Co. Limited, PO Box 442, 32 St. Mary at Hill, London EC3P 3AJ.

Investment Analysts

Backed by a proven long-term investment record, Provident Mutual funds under management now exceed £2.5 billion and we are continuing to grow rapidly. This expansion has created additional opportunities for people with ambition and enthusiasm, providing good prospects for career development within a successful and progressive environment.

Investment Analyst -UK Equities

The job involves analysis work within the UK Equity team initially, leading to a marketing role making presentations to senior executives of pension fund clients. We are looking for a professionally qualified person, preferably a Chartered Accountant, aged late 20's, with a degree in economics or a related subject. Some previous industrial or commercial experience relevant to the investment field would be an advantage. You will need an outward-going personality and be able to demonstrate the ability to make an early contribution to our investment performance.

Trainee Investment Analyst -European Equities

The Overseas Equity team now has an opening for a graduate who already has some industrial or commercial experience to train as a European Equity Analyst. Preference will be given to applicants with a good degree in economics or a financial discipline. The chosen candidate will be able to demonstrate a willingness to work hard and the ability to get on with people.

Attractive salaries are offered and benefits include non-contributory pension, subsidised BUPA, and low cost mortgage facilities after a qualifying period.
Please write with full CV including current salary, to Mrs S.P. Cormie, Provident Mutual Life Assurance Association, 25-31 Moorgate, London EC2R 6BA.

PROVIDENT MUTUAL

CJ EXECUTIVE
Search and Selection

PACKAGES £10K-£50K

Portfolio Manager	Merchant Bank
Portfolio Marketing Manager	Insurance Co. ...
Private Client Portfolio Manager	Stockbroker
Eurobond Dealer	Overseas Market Maker
Investment Analyst	Merchant Bank
Account Executive	Investment Bank
Actuary Insurance Analyst	Stockbroker
Valuations Actuary	Insurance Co.
Qualified CA	Merchant Bank
Qualified Grade IV Banker	Clearing Bank
Financial Sales	Insurance Co.

CJ EXECUTIVE ARE FINANCIAL SECTOR RECRUITMENT CONSULTANTS

The above represents a selection of our current assignments.
For further information, contact in confidence:

Head Office:
Richard Fletcher
CJ EXECUTIVE
3 South Charlotte Street
Edinburgh EH2 4AS
Tel: 031-226 5709

London Office:
Jonathan Ross
CJ EXECUTIVE
4a William Street
Knightsbridge
London SW1X 9HL
Tel: 01-245 6377

HESELTINE MOSS & CO

READING : LONDON : BRISTOL : CARDIFF : CHELTENHAM : CHICHESTER
GLOUCESTER : NEWBURY : OXFORD : SWANSEA

are looking for

PARTNER'S ASSISTANTS

for their offices in:

LONDON and CHICHESTER

Ideally applicants should have been working for a member firm for at least 2 years, preferably in a Private Clients department. The successful applicants will be expected to service existing Heseltine Moss & Co clients

also

DEALER

In London, willing to consider authorising a Blue Button

Please apply in writing with CV to:

A. F. Smith (Administration Partner)
Heseltine Moss & Co, 30/31 Friar Street, Reading RG1 1AH

Please indicate preferred location with application

ORION ROYAL BANK LIMITED

A member of The Royal Bank of Canada Group

MARKET ECONOMIST/ANALYST

ORION ROYAL BANK LIMITED seeks an articulate market economist/analyst to work with the Bank's Eurobonds and Gilts trading teams.

The successful candidate will also be asked to write regular commentaries on the Eurobond market for the Bank's new Gilts and Eurobonds bulletin.

The successful applicant must have at least three years' experience of capital markets analysis, and be prepared to travel. An additional language an advantage.

This is an outstanding opportunity for a talented and ambitious economist to join a young, successful and expanding Eurobonds team. Package fully commensurate with experience.

Please write in confidence enclosing a full curriculum vitae and examples of recent work to:
Derek Blacker, Personnel Director,
ORION ROYAL BANK LIMITED,
1 London Wall, London EC2Y 5JX.

LICENSED DEPOSIT TAKER

Small, but long established, company with LDT seeks purchaser who would expand upon the business. Only Principals of accredited financial concerns should reply with copies of last three financial years statements to:
Kelly's Secretariat
Fengates Lodge, 1 Fengates Road
Redhill, Surrey

FOREX APPOINTMENTS

For Forex, Capital Markets and Treasury appointments consult a specialist agency
TERENCE STEPHENSON
Prince Rupert House
9-10 College Hill, London EC4R 2AS
Tel. 01-248 0253

Wright Seligman & Co

Small but growing company providing a range of investment management and research services requires an enthusiastic and articulate

ECONOMICS GRADUATE

capable of making a real contribution to the research department. Ideal candidate is likely to be a student member of SIA with some research experience, but exceptional new graduates also considered. Salary negotiable. Please send CV to:

Ms H. M. Maxfield, Wright Seligman & Co, Bell Court House, 11 Blomfield Street, London EC2M 7AY. No Agencies.

FINANCIAL FUTURES BROKERS

Rapidly expanding Futures Broking House has two vacancies on its London Desk as follows:—

1. An experienced Futures Broker/Salesperson or Corporate Dealer/Broker with a working knowledge of Interest Rate Swaps, FRAs and Options.
2. A Futures Interbank Broker with a minimum of eighteen months' experience.

Salaries will be negotiable and commensurate with experience plus the usual company benefits.

Interested applicants should send their Curriculum Vitae (including age and present salary) in strictest confidence to:
Box A0120, Financial Times, 10 Cannon Street, London EC4P 4BY

Managing Director
ADVERTISING

Applications are invited for this new post heading-up the Advertising Division of a public company with a present turnover of £8m. In addition to developing theatre, cinema and general media, including in-house printing facilities, the Managing Director will be required to expand the Company substantially by organic growth and acquisition.

The financial package for this challenging and rewarding position is fully negotiable to retain the right person.

To apply please forward your curriculum vitae in an envelope marked "Private" to:

The Chief Executive
THE TALBEX GROUP PLC
22 Conduit Place, London W2 1HJ

Accountancy Appointments

Financial Director

West of Scotland **c.£30,000**

Our client company is engaged in a wide range of profitable manufacturing activities and is pursuing the implementation of continuing development in line with corporate strategic plans.

To augment and strengthen the senior executive team with experienced financial and man management skills, a financial director is to be appointed.

The successful candidate is likely to be a well-qualified accountant in the 35-45 age range who is already a member of a top management team. Quality experience in management accounting and cash control; the ability to anticipate problems, analyse them and present complete factual data in support of conclusions; a keen, mature imagination; and a disciplined approach to routine are all necessary attributes.

In return the appointment offers an attractive remuneration package and considerable scope for further personal development.

Reply, in confidence and quoting reference 046-2/PC, with career details to J. Scott, Executive Selection Division, Peat, Marwick, Mitchell & Co., 135 Buchanan Street, GLASGOW G1 2JG.

PEAT MARWICK

ACCOUNTANCY APPOINTMENTS
APPEAR EVERY THURSDAY
Rate £41 per Single Column Centimetre

Financial Control

South of England Neg. circa £25,000 + Car & Benefits

Our client is a major British manufacturing Group with an unrivalled international reputation in high technology capital equipment with world wide sales around £300m.

The recently appointed Finance Director is building e small. professional team at Group level and is seeking e bright, anergetic and resilient young man or woman to join him es the Financial Planning and Analysis Maneger. Major responsibilities will cover financial reporting, analysis of performance and preparation and review of budgets and plans; in fact ensuring that there are the necessary systems, controls, and information to enable effective and profitabla management of the Group.

Ideally candidates will be around 30, with a degree and professional eccounting qualification. Experience of financial planning and analysis in e demanding industrial environment where financial control is e recognised part of the culture is essential. The successful candidate will be expected to be capable of moving to a subsidiary Finance Director position within 2 or 3 years.

Salary will be negotiable around £25,000 per annum although this will not be a barrier for the right person. In addition there is an excellent benefits package including car, private medical insurance and non-contributory pension. Relocation will be offered where appropriate.

Applicants, male and female, should send a brief CV with details of current salary to Max Emmons, CRS 423, Lockyer, Bradshaw & Wilson Limited, 39/41 Parker Street, London WC2B 5LH.

Indicata separately any companies you would not wish to receive your epplication.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED
A member of the Addison Page PLC Group

CONTROLLERSHIP

This hi-tech subsidiary of a major US multi-national has identified a new requirement within its Head Office. The controllership of the after-sales division is effectively a business analysis role, providing financial input to the other 3 members of the management team and examining issues such as pricing, business strategy and market/competitor analysis. An ideal role for a qualified accountant 28-35 seeking sharp-end exposure in a fast-moving growth environment. Ref: GR.

N.W. LONDON £20,000+Car

TAX ANALYST

An exceptional opportunity for an ambitious qualified accountant to perform a progressive tax role within a major US organisation. As a senior member of the UK tax department, key responsibilities include tax reviews, compliance, and monitoring developments affecting UK operations. The successful candidate is likely to possess large company tax exposure and be highly self motivated. Ref: AG.

C. LONDON c.£22,000

NUMBER ONE ROLE

This small rapidly expanding computer company has the backing and support of a substantial British Group. An ambitious commercially minded accountant is required to take full responsibility for the finance function. Reporting to the M.D. and managing five staff, this developmental role embraces both statutory and management accounts, contracts, leasing, insurance etc. Suitably qualified candidates, aged 28-35, must be cost conscious and commercially aware. Opportunities for directorship. Ref: SW.

W. LONDON c.£19,000+Car

ROMAN HOUSE, WOOD STREET, LONDON EC2Y 5BA. 01-638 5191

ROBERT HALF
FINANCIAL RECRUITMENT SPECIALISTS

ABTA

Financial Controller

Central London **Up to £25,000 + car**

We are acting on behalf of ABTA, the Association of British Travel Agents Limited, which represents over 500 tour operators and 2,500 travel agents nationwide.

ABTA is currently seeking to recruit a Financial Controller who will work, in the short term, alongside the present incumbent prior to his retirement in 1987.

Reporting to the Chief Executive and supervising some 16 staff, the successful candidate will be chiefly responsible for the financial control of the management accounting function, in addition to the appraisal of all members' financial status, bonding for consumer protection and the administration of claims by consumers.

There is considerable involvement with Councils, Committees and outside bodies.

Unlikely to be aged under 35, you must be a qualified accountant with some commercial and management experience gained in a computerised environment. Strong communication skills are essential and previous exposure to the travel industry would be an advantage.

The negotiable salary is supported by an attractive benefits package and interested applicants should write to Andrew Sales FCCA, Executive Division, enclosing a comprehensive CV, quoting ref. 303, at 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

BUCKMANS
ADVERTISING · MARKETING · DESIGN

INTERNATIONAL BUSINESS SYSTEMS REVIEW

Salary negotiable

The London based HQ of a diversified multinational is expanding its small business review team which examines key financial and operating aspects of the business. The department reports directly to the Chief Executive and participates in special investigations and acquisition studies, as well as regular reviews of all its businesses.

Applicants, who should be prepared for up to 30% travel overseas, will be in the age range 25-35, will have strong analytical skills and will have an accounting qualification, MBA or Finance/Accounting degree and sound commercial experience. Candidates with promotable qualities could envisage good career developments.

Benefits will include non-contributory pension, BUPA and PHI, and may include a Company car.

CVs with full details of education, experience, and present salary should be sent to **Philip Shohet, Buckmans Limited, Manfield House, 376/379, Strand, London WC2R 0LR.** Please indicate separately the name of any company who should not be sent your application.

TWO ACCOUNTANTS

£15K-20K + Car **West Yorkshire**

N.G. Bailay & Company Limited, a major part of The N.G. Bailey Organisation Limited, are a leading electrical and instrumentation contracting company with opereting branches throughout the U.K. and group turnover approaching £100M.

Two accountants ere raquired to eugment tha centrally-based Finance team. In close co-operation, their roles will be to consolidate end enhance management reporting systems within the axisting business and in naw areas of diversification.

Both positions will report directly to tha Financial Controller and offer exceptional challenge combined with opportunities for career progression within the group. We seek ambitious, committed, technically competent accountants who ere capable of communicating at all levels of management.

Relocation expenses will be paid where appropriate.

PROJECT ACCOUNTANT

This newly creeted position encompasses responsibility for the further development of financial reporting systems. The Company is currently evaluating the replacement of its axisting mainframe and all financial software. The epecification and implementation of these changes is seen as e major role over the next 1-2 years. Ad-hoc financial investigations and evaluations relating to new business ventures are also a key area of involvemant.

The ideal candidate will be a graduate accountant aged 27-35 (A.C.A./A.C.C.A./A.C.M.A.), with a minimum of two years post qualification experience, who can demonstrate a detailed involvemant with the development and implementation of large scale computerised accounting systams.

CHIEF ACCOUNTANT

The Chief Accountant will be responsible, initially with e staff of 10, for the production of financial and management accounting information for the whola of the Company's UK operatione. Particuler emphasis is required on developing budgetary control and cash forecasting systems, as well as ensuring that existing information is produced in an accurate end timely manner. It is envisaged that tax compliance work will also be undertaken.

The ideal candidate will be a graduate A.C.A. aged 25-30, trained with a major international firm of accountants, who is seeking either to move into industry or gain wider industrial experience.

Familiarity with micro computar based spreadsheet applications would be advantageous.

Apply in writing, enclosing CV to A.B. Musgrave,
N.G. BAILEY & CO. LTD.
Denton Hall, Ilkley, West Yorkshire, LS29 0HH. Tel: (0943) 601933

International banking...

RECENTLY QUALIFIED ACCOUNTANT

£17-£20,000 + bonus + benefits

An ambitious Accountant, newly or recently qualified, is sought for a senior financial rôle within a progressive international bank.

The environment is one of challenge and rapid development. Highly profitable, an established leader in its specialist area, the bank has a new management philosophy and is restructuring to take maximum advantage of the latest banking products and technology.

This opportunity will therefore appeal to an exceptionally able young Accountant wishing to move into banking from the profession. Experience gained within a bank is equally acceptable, and in either case should include multicurrency accounting, taxation and Bank of England reporting requirements. There will also be involvement in the development of new instrument accounting procedures and automation of the department using micro-computers.

The bank offers an established promotion route and a particularly good range of fringe benefits.

Please telephone Anita Harris: 01-588 6644 or send a detailed Curriculum Vitae to the address below.

Anderson, Squires Ltd., Bank Recruitment Specialists, 127 Cheapside, London EC2V 6BU

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*For a detailed and confidential discussion, please call **Neil Wax**, Consultant to the Company, on **01-387 5400** (24 hours) or out of hours on 0923 43033, or write with full career details and current salary to:*

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Applications giving brief details of qualifications and experience should be sent to:

The Managing Director
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Crest House, 91-97 Church Road
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R. Flude. Ref:33017/FT. Mala or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Hoggett Bowers plc, *St. John's Court, 78 Gartside Street,* MANCHESTER *M3 3EL.*

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Please send your CV and relevant career data (it is important to include a day telephone number, which will be used with discretion) quoting ref. FT/04, to Tony Gasper at British Telecom London, Recruitment and Selection Centre, St. Giles House, 1 Drury Lane, London WC2B 5RA. Alternatively, call him on 01-836 4653. Closing date for applications is 7th May 1986. British Telecom has an equal opportunities employment policy.

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This is a rare and highly visible ground floor opportunity for a young professional, probably in his/her late 20's, who has 3/4 years' good commercial experience, since gaining Chartered status with one of the major professional firms. Specific experience within a corporate accounting function would be an advantage.

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To take the next step up in your career please write with full career details to: Julie Spencer, Personnel Department, British Airports Authority – Corporate Office, Gatwick Airport, Gatwick, West Sussex RH6 0HZ. (0293) 595091.

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Ideal candidates would be graduate accountants with good examination records and 1-2 years post qualified experience.

For more information please contact VALDEK CEGLOWSKI at the office or on 01-274 6166 between 7.30pm and 9.30pm.

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Financial Analyst Investment Research

City c.£25,000, Bonus

A major International investment group seeks to develop its UK operation, by identifying new business opportunities where it can take a significant equity share.

A member of a small team, you will have a key role to play in business growth and development. Probably 25—30, you will be an MBA, qualified accountant or an honours graduate with experience of financial analysis/appraisal gained in merchant banks, investment institutions, stockbrokers, fund management or in industry. Independence, imagination and high intellectual skills are essential qualities, as are developed powers of communication and the presence to relate at senior levels. Career prospects are excellent.

R. Flude. Ref:33016/FT. Male or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Hoggett Bowers plc, *St. John's Court, 78 Gartside Street,* MANCHESTER *M3 3EL.*

Accounting Manager

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For further details please write or telephone in strict confidence quoting reference SM1557.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday April 24 1986

Exxon overcomes price fall and weak dollar

BY WILLIAM HALL IN NEW YORK

EXXON, the world's biggest oil company, yesterday reported a 29 per cent rise in first-quarter net income to $1.7m after taking a $235m after-tax charge to cover the restructuring of its businesses.

The group, whose shares hit an all-time high this week of $58¾, has been continuing to buy in its stock which helps explain the 37.4 per cent rise in first-quarter earnings per share to $2.35. Revenues declined by $1bn to $22.2bn.

Mr Clifford Garvin, Exxon's chief executive, says the first quarter of 1986 saw unprecedented declines in posted and contract crude oil prices and a continued weakening of the dollar relative to foreign currencies in contrast to last year's quarter, when crude prices were stable and the dollar strengthened. "This decline in crude prices, which was particularly evident in the US, sharply reduced upstream earnings," he said.

Mr Garvin added that the impact of the collapse in oil prices on foreign earnings was "partially masked" by the positive effects of higher volumes, the weaker dollar and stronger natural gas earnings.

"On the other hand, the lower crude supply costs, combined with the weaker dollar, resulted in recovery in downstream chemical margins from the low first-quarter levels in 1985. Improvement was particularly evident in the foreign downstream sector, where 1985 results reflected the depressed refining and marketing margins resulting from higher local currency crude costs," said Mr Garvin.

Exxon says oil markets remain highly unsettled in the current quarter and product prices have declined faster than crude oil prices in April, thus reducing downstream margins. "Under these market conditions, near-term earnings are likely to be depressed from those in the first quarter," adds Mr Garvin.

"In light of this unsettled industry environment, Exxon continues to evaluate the corporate activities and organisational structure required to be an efficient and competitive company in the new environment," he says.

The latest figures from Exxon, which were boosted by $109m of gains on the sale of long-term government securities, underline the widely varying performances of the major US oil groups. Mobil, the second biggest, increased its first-quarter profits by 38 per cent.

Sun Company, another oil producer, yesterday reported a 15 per cent rise in first-quarter net income to $148m, or $1.34 per share, but cautioned that it was unlikely that such a performance could be repeated during the rest of the year unless there was a "dramatic reversal" of recent oil price trends.

Akzo net income falls 15% in quarter

By Laura Raun in Amsterdam

AKZO, the Dutch chemicals and fibres group, reported that net income in the first three months tumbled 15 per cent to Fl 218.7m ($88m), the first quarterly decline in several years.

The company noted that the first 1985 quarter had been particularly buoyant, with extraordinary gains contributing to the profits. Operating income fell 6 per cent to Fl 371.9m, with all product groups except man-made fibres declining.

Turnover fell 13 per cent to Fl 4.1bn on slightly lower sales, a weaker dollar and divestitures, particularly that of American Enka. The disposal of American Enka eroded sales in man-made fibres while the lower dollar hurt sales of chemical products due to enhanced competitiveness of US producers.

The Arnhem-based group said that lower oil prices had little effect on operating income. Financing charges were again lower due to the improved financial position. Akzo has been using its growth in profits to pay off debts.

The company made no new comment on its full-year performance although it previously has forecast a "very healthy performance." Akzo has noted that it would be confronted with stiffer competition from the US, due to the weaker dollar, but it remained confident of its ability to benefit from continued modest economic growth.

SWISS GROUP WILL CONCENTRATE ON 'STRATEGICALLY RELEVANT ACTIVITIES'

Alusuisse to cut back operations

BY JOHN WICKS IN ZURICH

ALUSUISSE, the crisis-ridden Swiss industrial concern, is to cut back its operations to "strategically relevant activities" in the aluminium and chemical sectors.

This follows massive losses of SFr 692.3m ($314.8m) for the group in 1985. Swiss Aluminium Company, the Zurich-based parent, recorded a loss of SFr 648m, which it is to reduce to SFr 159.8m by activating statutory and special reserves.

Mr Hermann Haerri, executive vice president, said that SFr 312m of the parent company loss had been accounted for by provisions. These were intended to finance divestment of "strategically unimportant or loss-making aluminium activities," primarily in the US.

Further provisions of this kind could be necessary this year, he said. Although these would be much smaller than in 1985, they would still result in a net loss. "Our aim is to put this financially painful operation behind us by the end of 1987."

Speaking at the Swiss Aluminium Company shareholders' meeting in Zurich yesterday Mr Hans Jucker, chief executive officer, announced a further consolidated loss in the first quarter, saying that the results were nevertheless better than had been expected. He forecast a similar loss for the second quarter.

He said a number of existing operations in the US were to be sold. A purchaser was being sought for Maremont, the Chicago automotive products manufacturer, while it was hoped the sale of a majority shareholding in the Ormet Aluminium smelter in Hannibal, Ohio, to Ohio River Associates, would be completed by the end of this month.

Among other measures, the group's aluminium unit in Essen was to be closed and, if possible, sold.

Turning to the substantial 1985 losses, Mr Nello Celio, board chairman, admitted that Alusuisse had made errors of judgment.

Answering a shareholder's question, he admitted that the board had "perhaps been rather slow" in parting with leading executives but went on to add that it had taken action after having "lost confidence in management."

He said there was now steady world demand for raw aluminium and added it was unlikely that there would be a substantial fall in consumption in 1986.

Ciba-Geigy warns of currency loss

BY OUR ZURICH CORRESPONDENT

CIBA-GEIGY, the Swiss chemicals and pharmaceuticals concern, expects 1986 profits and sales to fall below last year's record levels.

According to Dr Louis von Planta, chairman, currency gains had contributed some SFr 100m ($53m) to the consolidated profit-and-loss account in 1985. Should exchange rates continue at their present level, however, there would be a corresponding negative effect of about SFr 500m which could hardly be fully offset by improvements in operating income.

Last year, group net profits rose by 24 per cent to SFr 1.47bn after a 4 per cent increase in sales to SFr 8.22bn. The board is planning an increase in dividend from SFr 35 to SFr 38 a share and participation certificate.

In the first quarter of this year turnover was 20 per cent below corresponding 1985 levels at SFr 4.6bn. This was due largely to the sharp fall in the dollar, sales having decreased in terms of local currency by only 4 per cent.

The first-quarter decline was intensified by the seasonal importance of agro-chemicals sales in the US. Apart from the weak dollar, these were lower than in the same months of 1985.

Ciba-Geigy is to co-operate with Hilti, the Liechtenstein-owned fastening-systems manufacturer, in the field of building chemicals. A joint venture company, to be set up in Liechtenstein, will use Ciba-Geigy's technology in plastic materials and Hilti's strong position on the international construction market.

This company is intended to concentrate initially on European sales and subsequently expand into other markets.

Dr Alexander Krauer, deputy chairman of the executive committee, said Ciba-Geigy would continue to expand primarily by internal growth. Any future acquisitions, be added, would be aimed at 'rounding off' existing operations.

BASF and Bayer lift 1985 dividends

BY JONATHAN CARR IN FRANKFURT

BASF and Bayer, two of the leading West German chemical companies, have followed Hoechst in proposing an increase in their dividends for 1985 to DM 10 per DM 50 share, after paying DM 9 for 1984.

The increase means BASF will be making a total dividend payout of DM 495.8m ($225m) compared with DM 404.9m last year and Bayer one of DM 523m after DM 460m. BASF is adding DM 150m to disclosed reserves and Bayer DM 240m.

The dividend boosts come after three successive years of buoyant sales and profits, aided by world economic recovery and the high US dollar. Hoechst raised worldwide pre-tax profit last year by 10.7 per cent to DM 3.16bn, and BASF by 20.6 per cent to DM 3.04bn.

This year, the dollar's fall will tend to depress foreign sales revenue in D-Mark terms and sharpen competition from the US chemical groups.

Bayer's US operations are expecting sales growth this year of about 5 per cent.

Dainippon steps up Sun bid

BY OUR NEW YORK STAFF

DAINIPPON Ink & Chemical, a big Japanese producer of printing inks, has increased its offer for Sun Chemical Corporation, a leading US manufacturer of graphic arts equipment, by $2 a share to $77.

Dainippon's offer comes only a day after Sun announced that it had received an unsolicited offer and took steps to block a hostile takeover. Dainippon's offer of $425m in cash for Sun's graphic arts materials group remains unchanged, but it now says that it is prepared as an alternative to increase its bid for the whole Sun chemicals group by $2 a share.

Earnings rise at Baxter Travenol

By Our Financial Staff

BAXTER TRAVENOL Laboratories, the US medical products group which last year took over American Hospital Supply, yesterday reported net earnings of $49m, or 15 cents a share, in the first quarter of 1986.

This compares with profits of $39m, or 26 cents, a year ago, results which have not been restated for the acquisition of AHS. Revenues rose from $510m to $1.37bn.

Mr Vernon Loucks, president and chief executive, said results were in line with expectations. "We are pleased with our first-quarter results, especially considering the continued tight market in hospital supplies and the costs associated with combining two major corporations."

Mr Loucks added that hospitals were recognising the company's ability to provide them with 70 per cent of their medical supply needs and to assist them with their cost containment efforts.

Domestic sales for the quarter were $1.1bn, with international markets contributing $250m.

Nickel prices hit Inco hard

By Kenneth Marston in London

LOWER prices for nickel have plunged Canada's Inco mining group into a quarterly loss for the first time since the September quarter of 1984. The loss for the first three months of this year amounted to $3.5m, or 8 cents a share, and follows a net profit of $7.6m in the final quarter of 1985 when the year's total earnings amounted to $52.2m.

Nickel prices received in the latest quarter amounted to only $2 per lb, a fall of 13 per cent on the average price realised in 1985 and about the same as 10 years ago. The latest results have also been affected by a return to more normal deliveries of by-product precious metals after the unusually high level of the previous three months.

At the annual meeting in Toronto, Mr Charles Baird, chairman, was confident that "market conditions will soon permit a return to profitability."

The Crixas property in Brazil – where Kennecott has an option to earn a 50 per cent interest – has indicated reserves of 7m tons averaging a third of an ounce of gold per ton. These two projects have the potential to treble Inco's annual gold production to more than 150,000 ounces by 1990.

Data General sees no sign of upturn

BY PAUL TAYLOR IN NEW YORK

DATA GENERAL, the US Super-Minicomputer maker struggling to regain its earnings momentum, remained barely profitable at the operating level in the latest quarter, blaming the continuing computer industry slump. The group said it saw no evidence of any upturn.

The Massachusetts-based group reported net earnings from operations, before a $3.8m extraordinary loss, of $2m, or 8 cents a share, in its fiscal second quarter ended March 29 compared with net earnings of $9.1m, or 34 cents, in the year-ago period. The extraordinary loss resulting from the previously announced redemption of debt securities made a final net loss of $1.8m, or 6 cents.

Data General said revenues in the fiscal second quarter fell slightly to $318.8m from $320.2m a year earlier. Mr Edson de Castro, the group's president, noted that results reflected the continuing low level of computer demand

Mr De Castro said: "We have yet to see evidence that lower interest rates are resulting in improved business and capital spending in the US industrial sector. For this reason we must remain cautious in our outlook for order improvement for the remainder of our fiscal year."

The latest results follow a similarly weak first quarter for the group when it posted a marginal net profit of $1.1m, or 4 cents a share. As a result Data General reported a fiscal first-half loss of $600,000, or 2 cents a share

Texas bank forced to mortgage assets

BY WILLIAM HALL IN NEW YORK

FIRST CITY Bancorporation of Texas, which reported a $232.4m first-quarter loss last week, has renegotiated its credit lines with leading US money-centre banks and has mortgaged 66 of its subsidiary banks to the lending group to avoid going into technical default.

The company says it was forced to renegotiate its revolving credit and term loan agreement with seven US banks after the announcement of sharply higher loan losses resulted in First City's breaking existing loan agreements. Under the revised borrowing arrangement, which is believed to be for about $200m, First City secured its credit line by pledging assets consisting of all outstanding stock of its subsidiaries, except for First City National Bank of Houston, the group's flagship bank.

New York bank analysts describe the restructuring as "standard operating procedure." Nevertheless the size of the collateral being required by other banks reflects the scale of the concern in the money markets about the impact of falling oil prices on the financial health of South-western banks such as First City.

● Zapata Corporation, the Houston-based offshore drilling contractor that was founded by Vice President George Bush, has reached an agreement in principle with its bankers to defer interest and principal payments and waive covenant obligations on $600m of debts until June 30.

Union Bank ahead in quarter

BY OUR ZURICH CORRESPONDENT

UNION Bank of Switzerland, the biggest of the Swiss "big five" has reported higher first-quarter gross earnings and says it expects the trend to continue in the current quarter.

It attributed the profits growth in the first three months to "excellent" results in the securities sector.

However, interest earnings failed to match expectations, despite higher business volumes, due to pressure on margins.

The weak dollar had a marked effect on assets. The balance sheet total rose by SFr 2.2bn ($1.19bn) to SFr 142bn. It would have risen SFr 6.7bn with an unchanged dollar rate.

Balance sheet growth was the result primarily of an increase of SFr 2.1bn in both the due-to-banks and due-from-banks total. Outside the interbank sector, customers' deposits fell by about SFr 1bn to SFr 61bn

Béghin-Say reports FFr 53m profit

By David Housego in Paris

BÉGHIN-SAY, the French sugar group in which Ferruzzi-Eridiana of Italy now has a 49.6 per cent stake, yesterday reported that net consolidated profits had more than doubled last year to FFr 53.3m ($7.4m).

The group also announced that it expected a threefold rise in net earnings this year which would carry profits to beyond the FFr 125.7m earned in 1983.

In operating terms the group moved from a FFr 140m loss in 1984 to a FFr 197m profit last year.

The net consolidated results take account of FFr 410m depreciation allowances and FFr 53m of provisions.

Ferruzzi recently increased its holding in Béghin-Say by purchasing a 5 per cent stake previously held by Tate and Lyle, the UK sugar group.

Turks acquire French bank

By David Barchard in Ankara

TURKISH bank Turkiye Iktisat Bankasi of Istanbul has purchased a 70 per cent stake in Banque Internationale de Commerce of Paris for a price believed to be around $3m.

Banque internationale de Commerce is a one-branch institution engaged mainly in domestic operations which at the end of 1984 had paid up capita of FFr 10m ($1.39m).

A further 25 per cent of BIC has been purchased by Banque Régional des Escomptes et Dépôts and 5 per cent by the Saudi-European Bank, in which Sheikh Zeki Yamani is a principal shareholder.

Turkiye Iktisat has paid up capital of $7bn and came to prominence on the Turkish banking scene only when it was bought by Mr Erol Aksoy in late 1984. Mr Aksoy is expected to become chairman of BIC.

O&Y offer nets 65% of Hiram Walker

BY BERNARD SIMON IN TORONTO

OLYMPIA and York and its subsidiary, Gulf Canada, yesterday gained control of Hiram Walker Resources, the Canadian drinks and energy group, when 74.1m Hiram common shares, equal to 65.2 per cent of the total, were tendered on the Toronto and Montreal stock exchanges.

Gulf offered C$38 (US$27) for each common share and C$36 for each first series, class D preferred share in the last of a series of competing bids during a fierce month-long takeover battle for Hiram. Shareholders also tendered 6.9m preferred shares.

O and Y already holds an 11 per cent voting interest in Hiram and lined up the support of Hiram's former biggest shareholder, Interprovincial Pipeline, with 15 per cent.

The future shape of Hiram remains unclear. As part of efforts to thwart O and Y, the company's management has agreed to sell its liquor business to Allied-Lyons of the UK. O and Y is contesting this decision in the courts. O and Y has indicated that it may dispose of Hiram's energy subsidiary, Home Oil.

Gulf Canada and TransCanada Pipelines (TCPL), the other energy group at the centre of the recent bid battle for Hiram Walker, have reported sharply lower first-quarter profits reflecting the slump in world oil prices.

Gulf saw net earnings from continuing operations plummet from C$52m (US$37m) to C$9m, or from 23 cents a share to just one cent.

In the latest quarter gains of C$19m from discontinued operations and C$133m from the sale of assets lifted final net earnings to C$161m, or 79 cents a share.

This compares with net earnings of C$97m, or 43 cents, in the 1985 period, including a C$45m gain from discontinued operations. Revenues jumped from C$466m to C$1.1bn.

The company said oil and gas spending would be about 45 per cent less than originally planned, but gave no specific figures.

At TCPL, net earnings dropped from C$73.6m to C$51.8m, or from 65 cents to 41 cents, while revenues edged up from C$1.26bn to C$1.28bn.

The company said operating profits from its natural resources business fell, primarily because of falling prices for oil. Financial charges were also higher, due to unrealised foreign exchange losses attributable to the fall in the Canadian dollar.

● Dominion Textile, Canada's largest primary textile and fabrics group, is feeling the benefits of plant rationalisation, restructuring and emphasis on international business, writes Robert Gibbens in Montreal.

In the third quarter it earned C$4.9m, or 20 cents a share on sales of C$237m against a loss of C$4.7m on sales of C$187m.

Nine-months profit was C$2.1m or 3 cents a share on sales of C$665m against a loss of C$6.7m on volume of C$553m a year earlier.

● AMCA International, the US based oilfield, construction equipment and machine tool subsidiary of Canadian Pacific, has reported first-quarter loss of US$2.9m against a profit of US$2.7m on revenues of US$368m against US$353m indicating that its recovery will take longer than expected.

AMCA is considering selling off assets to reduce heavy debt. Low oil prices will adversely affect its energy-industry products and services, but the company still hopes to show better profitability for all 1986.

The Canadian Pacific group is going through restructuring as it struggles with slow recovery in its resource and heavy manufacturing subsidiaries.

INTL. COMPANIES and FINANCE

GM confident despite first-quarter downturn

BY TERRY DODSWORTH IN NEW YORK

GENERAL MOTORS, the world's largest car manufacturer, suffered a slight downturn in profits in the first quarter. It expected the US market to remain buoyant, however, with overall sales matching last year's levels.

The forecast for continuing strength in the industry contrasts with GM's recent moves to cut production in a few of its plants and a 2 per cent fall in its factory sales to dealers in the latest quarter. The company delivered 2.34m vehicles in the three-month period.

Net income also slipped to $1.06bn, or $3.11 a share, from $1.07bn, or $3.32 a share, in the same period of last year, although sales rose to $26.8bn from $24.2bn.

GM's profit margins came under pressure in the quarter from continuing cut-price financing incentive programmes. The company started the present wave of promotional campaigns in an effort to pep up the market last summer, and since then has had to continue with incentives of one kind or another.

Mr Roger Smith, chairman, said all the signs pointed to a good year for the car industry and that the market for new cars and trucks "could be even better than initially forecast, reaching about 15.5m units in 1986."

GM thought the market would remain strong partly because of public recognition of the attention Washington has been giving to the budget and trade deficit.

Class E stock earnings, tied to its Electronic Data Systems subsidiary, rose to 46 cents a share from 32 cents.

GM Hughes Electronics earned 89 cents a share in the quarter compared with *pro forma* earnings of 83 cents a share a year ago.

First-quarter earnings on the group's common stock included a gain of of 26 cents a share from foreign exchange translation compared with a loss of 15 cents a share a year ago.

The company said it had cash and marketable securities at March 31 of $5.48bn compared with $8.45bn a year ago.

GM said its average hourly labour costs in the US in the first quarter rose to $24.40 from $23.60 a year ago.

Volvo to decide on Sonessons takeover

By David Brown in Stockholm

VOLVO, the Swedish automotive group, is expected to announce today whether it intends to carry through its SKr 1.3bn ($185m) bid for full control of its Sonessons biotechnology and light industrial affiliate following rejection of its offer by a family foundation which owns a crucial 12.9 per cent stake.

A Volvo management group, led by Mr Ulf Linden, deputy managing director, was locked in negotiations with representatives of the Crafoord foundation late yesterday in an attempt to find a formula which could address the foundation's concern over potential tax liability and misgivings about Volvo's restructuring plans.

Volvo is seeking a 19 per cent stake in Sonessons which would give it access to the firm's liquid and other assets and allow it to restructure the group according to plan.

It intends selling its industrial operation and developing the biotechnology and pharmaceutical interests centred in the Leo/Ferrosan operation as part of a broader scale drive into that sector.

Volvo said yesterday the future of the SKr 190-a-share bid, which formally expired on Monday, had been thrown "up in the air" by last-minute problems with the foundation.

Tractionel to sell frozen foods division

By Paul Cheeseright in Brussels

TRACTIONEL, one of the key units in the Société Générale de Belgique group, is selling Frima Viking, its frozen food subsidiary, to McCain Foods of Canada.

Tractionel would not disclose the price but noted that Frima Viking last year made net profits of BFr 40m ($890,800) on a turnover of BFr 2.2bn.

Frima Viking made losses for several years until 1983. It has been nursed back to health with a view to sale because it does not fit the portfolio of Tractionel interests.

N. AMERICAN QUARTERLIES

BORG-WARNER
Motor parts, chemicals, plastics

First quarter	1986 $	1985 $
Revenue	895.5m	796.6m
Net profits	49.4m	44.8m
Net per share	0.56	0.50

CINCINNATI MILACRON
Machine tools

First quarter	1986 $	1985 $
Revenue	181.6m	161.5m
Net profits	4.5m	3.52m
Net per share	0.19	0.15

COLGATE-PALMOLIVE
Toiletries, consumer products

First quarter	1986 $	1985 $
Revenue	1.2bn	1.1bn
Op. net profits	49.3m	45.8m
Op. net per share	0.70	0.66

CONSOLIDATED EDISON
Utility

First quarter	1986 $	1985 $
Revenue	1.41bn	1.44bn
Net profits	132.5m	148.5m
Net per share	1.02	1.19

McDONALD'S
Fast food chain

First quarter	1986 $	1985 $
Revenue	941.4m	808.8m
Net profits	94.1m	84.3m
Net per share	1.09	0.96

L. F. ROTHSCHILD UNTERBERG TOWBIN
Investment bank

First quarter	1986 $	1985* $
Revenue	129.8m	78.4m
Net profits	13.8m	7.5m
Net per share	0.94	0.54

* Pro-forma figures

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE APRIL 18 1986

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	9.100	−1.409	11.690	9.099
Australian Dollar	13.002	−1.208	14.630	12.600
Canadian Dollar	10.743	−0.195	12.550	10.668
Euroguilder	6.132	−1.399	7.350	6.084
Euro Currency Unit	8.295	−2.881	9.910	8.232
Yen	6.560	−1.590	7.330	6.560
Sterling	9.879	−2.295	11.932	9.859
Deutschemark	6.464	−0.615	7.480	6.464

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

INTL. COMPANIES & FINANCE

Promet in debt restructuring talks

BY WONG SULONG IN KUALA LUMPUR

PROMET, the Malaysian-Singapore oil rig and construction group, said yesterday that it had entered negotiations with its bankers to restructure its debts, after reporting a pre-tax loss of 92.7m ringgit ($36.7m) for 1985. The loss compared with pre-tax profits of 68m ringgit in 1984.

Ernst & Whinney, auditors, has qualified its report on the group's accounts for 1985, saying that they are based on the assumption that Promet would receive continued financial support from the banks.

Promet's borrowings had risen from 235m ringgit in 1984 to 320m ringgit at the end of 1985. Group net tangible assets fell from 376m ringgit to 297m ringgit, or 8 cents per share, compared with the current traded price of 33 cents.

Analysts believe part of its debt restructuring will involve the sale of some of the group's assets to reduce the size of its loans.

Currently, Promet's most valuable assets are its properties in Malaysia, including its 34-storey headquarters building in Kuala Lumpur.

Promet's financial problems have been known for some time. They arose largely from the group's decision to invest heavily in oil exploration and property development three years ago just when these two sectors were turning soft.

The company's once dynamic image was also dented by a fall-out between its major shareholders—Datuk Brian Chang, a Singapore citizen and Tan Sri Ibrahim Mohamed, a prominent Malay businessman, who is close to Dr Mohammed Mahathir, the Malaysian Prime Minister.

Their dispute resulted in Tan Sri Ibrahim and several of his supporters leaving the board in January, handing full control to Datuk Chang.

Of the 92.7m ringgit in pre-tax losses, 91.9m ringgit was due to a write-down in the value of its properties in east Malaysia and write-offs of 46.6m ringgit for its oil exploration in China and Sarawak.

Group turnover fell 10 per cent to 292m ringgit.

Prospects for the current year are gloomy. According to directors, Promet's principal activities will be "to complete the construction projects on hand and monitor its remaining oil and gas investments in China, Thailand and Indonesia." It will also look for new construction opportunities.

In recent months, Promet has sharply cut its workforce as a result of a drying up of orders for oil rigs, marine fabrication work, and construction projects.

Work on its ambitious project to develop the northern Malaysian Island of Langkawi into a tourist resort has virtually come to a halt.

In its annual report, Promet said it expected more than 100 Malaysian and foreign investment groups to take up 330m ringgit tourist-related developments on Langkawi, but few deals have been signed.

The Malaysian Government has spent about 129 ringgit, building an airport, water facilities and other infrastructure as its contribution to develop the tourist potential on Langkawi.

Sales push and trimming lift Asahi Glass by 11%

BY YOKO SHIBATA IN TOKYO

ASAHI GLASS of Japan and its 13 consolidated subsidiaries lifted pre-tax profits 11 per cent last year to Y59.61bn ($350.8m).

Net profits advanced 4.2 per cent to Y30.46bn, on sales of Y818bn, up 13.2 per cent from the previous year. Net earnings per share moved up to Y29.45 from Y28.25.

The maker of glass, chemicals and ceramics ascribed the strong performance to stepped-up sales promotion and streamlining efforts.

Its subsidiaries include Glaverbel in Belgium and MaasGlas in the Netherlands which contributed to the sales increase, thanks partly to a recovery in the flat glass business in the European market and partly to a first full contribution from a flat glass plant established by MaasGlas in August 1984.

Sales of its mainstay glass and construction materials, accounting for 57 per cent of total sales, advanced 12.4 per cent. This was boosted by new products such as laminated automotive glass, television tubes, and glass reinforced cement for housing.

Sales at the chemical operation, accounting for 33 per cent of the total, gained 10.1 per cent as a result of a strong performance in fine chemicals.

For the current year to December, the company expects benefits from the yen's appreciation and falling oil prices for glass manufacturing. But it is also under heavy pressure from its major users, the electronics and automobile sectors which are suffering from the exchange rate to discount glass prices.

A favourable effect from cheaper energy is expected to offset its higher research and development expenditure.

Consolidated pre-tax profits are projected at Y63bn, up 6 per cent, with net profits of Y33bn, up 8 per cent, on sales of Y900bn, ahead by 10 per cent.

Philippine Airlines loss soars to 1.35bn pesos

BY SAMUEL SENOREN IN MANILA

PHILIPPINE AIRLINES (PAL) incurred a net loss of 1.35bn pesos ($67.5m) last year, sharply expanded from the previous loss of 291m pesos.

This led to a capital deficiency of 5.08bn pesos at the end of the year. It had started 1985 with a capital deficit of 3.7bn pesos.

PAL, which is 75 per cent owned by a pension fund for government employees and 25 per cent by the state-owned National Development Company, had been operating under severe financial strain due to foreign loans borrowed some years ago to buy or lease wide-body aircraft in order to replace its ageing fleet.

Last year, financial charges alone amounted to more than 1bn pesos, accounting for the bulk of the loss, although it realised income from operations of 119m pesos on total revenues of 9bn pesos.

The airline thus needs a capital infusion to become viable. However, the Government of President Corazon Aquino does not seem ready to provide fresh equity to the ailing airline since it is also very much short of cash.

Cashflow projections indicates that between April 1986 and March 1987, PAL would have to pay $149.4m in debt service alone, which could cripple the airline.

The new management appointed by Mrs Aquino to run the airline is faced with a dilemma on whether it should shed part of its fleet and cut its international routes or attempt to persuade the Government to allocate new capital.

Another option is to sell the airline to the private sector but its financial condition is expected to deter potential buyers. At present, PAL operates 31 aircraft which include four Boeing 747s, five Airbus A300s and two DC10s.

Gencor up 66% and confident for 1986

BY KENNETH MARSTON, MINING EDITOR

AN OVERALL increase in group earnings this year has been forecast for General Mining Union Corporation (Gencor), the big South African mining and industrial finance house, by Mr Ted Pavitt, the chairman who will be retiring in August.

In 1985 Gencor lifted net earnings by 66.2 per cent to a record R456m ($228.9m or £150.6m). But, as Mr Pavitt points out in the annual report, comparisons with 1984 are distorted by exchange rate losses. If the effect of these is taken out, the rise in Gencor's 1985 earnings would be 32 per cent.

The group has largely completed its big capital investment programme and no further fund-raising is envisaged at present. It is now in a consolidation phase whereby funds are being ploughed back to strengthen the balance sheet.

On the near-term outlook for both Gencor and the South African economy, Mr Pavitt sees some slowing in income growth from the group's mining side this year and a possible difficulty in maintaining revenue levels of the engineering, transport and construction interests. Improvement is expected in the group's commercial and consumer goods sector.

These views reflect expectations of a 3 per cent South African domestic growth rate, no substantial change in the average rand-dollar exchange rate, an average gold price of not much more than $330 per ounce, and higher inflation than last year's

Copier expansion at Konishiroku Photo

KONISHIROKU Photo Industry, the maker of Konica cameras, is to boost its plain paper copier (PPC) production by about a third this year to sales of around Y100bn ($574.2m) Carla Rapoport writes from Tokyo.

Although the company did not reveal the size of the investment, it said it would soon have capacity to make 300,000 PPCs a year. About 75 per cent of the copiers are exported, primarily to the US and Europe.

Konishiroku claims to be Japan's third largest market of photocopiers, after Canon and Ricoh. The boost in production will increase copiers from 25 per cent to 30 per cent of the company's overall sales.

At the same time, the company forecast that its pre-tax profit for the current year ending this month is likely to fall by about 10 per cent from the previous Y18.69bn.

The company said the downturn in profitability is due to the effects of the higher yen on its exports. Despite these factors, however, its sales of cameras are increasing. Overall sales are estimated at Y310bn, up 13.6 per cent.

Opening year in red for Asean zinc smelter

By Boonsong K'Thana in Bangkok

PADAENG INDUSTRY, the Thai-Belgian joint venture in the northern Thai province of Tak which operates Asean's first and only electrolytic zinc smelter, has reported a loss of 53m baht ($2m) for 1985, its first year of operation.

Kraisri Chatikavanij, the chairman, attributed the deficit to foreign exchange losses, amounting to 256m baht, incurred primarily because of the 14 per cent devaluation of the baht in November 1984.

The foreign exchange loss ate into the net operating profit of 203m baht earned in the year.

Bell reiterates bid intentions

BELL RESOURCES, the energy investment vehicle of Mr Robert Holmes à Court, yesterday reiterated its bid intentions for Broken Hill Proprietary (BHP), Australia's largest company, which could involve an improvement in its proposed partial offer, Our Financial Staff writes.

Mr Holmes à Court said the offer for half of each BHP shareholding had been neither withdrawn nor abandoned, although a Bell statement on Tuesday had indicated the bid would not proceed "in its present form."

"It is possible that the offer can go out at a later time and it is possible that the cum-dividend nature of the offer can be preserved," he said.

[redacted]

Eurodollar deals pay price for oversupply

A DRAMATIC widening of yield differentials between US Treasury notes and Eurodollar bonds has appeared during the last few months. The reason lies in the avalanche of new paper — more than $4bn in fixed-rate bonds during last week alone — which has descended on the Euro-market, while investor demand in Europe has remained muted. Given this mis-match of demand and supply, bonds issued by companies and financial institutions have fared worst.

Borrowers are finding absolute interest rate levels in the Euromarkets, the lowest since the late 1970s, irresistible. Yields on US Treasury bonds have moved down by about 2½ per cent, from around 9½ per cent at the beginning of this year. Although new issues in the Eurobond market are normally priced at a margin over US government debt, some borrowers are now able to get away with coupons of 7 per cent and below.

Corporate deals are not alone in paying the price for oversupply. Trading margins paid by all borrowers have increased. Even Canada's bonds, readily traded and impeccable in credit terms, which changed hands at margins of a few basis points over US Treasuries in January, now trade at about 35 basis points over. Amoco, the AAA-rated US oil company, came to the market at the end of February at a margin over the Treasury yield curve of about 80 basis points; now the issue trades at around 150 basis points.

Retail investors have recently steered clear of dollar bonds, put off by the decline of the dollar on the foreign exchanges — by 8 per cent against the Deutsche Mark since the beginning of the year.

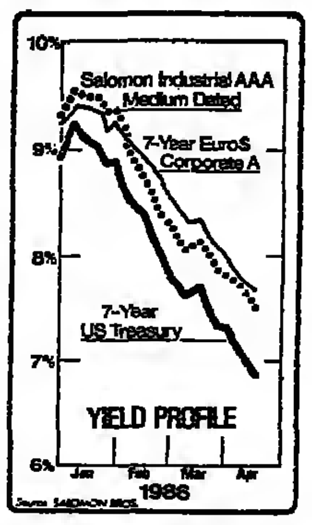
Institutional investors, more sophisticated judges of credit standing, have become relatively more important players in the dollar securities markets. Since they can fund investments in US Treasury securities in the dollar money markets, they have participated fully in the rally.

While intense competition between issuing houses, and especially pressure from the newly active Japanese houses, ensures that new Eurobonds are not priced in exact relation to the yield differentials of seasoned Eurobonds against US Treasuries, the pressure to increase margins at issue has nevertheless been effective.

Unilever's AAA rated 12-year debt was launched at a differential over the Treasury yield curve of 10 basis points in February. Similarly - rated Campbell Soup 12-year non-callable paper looked tight at 35 basis points over at the beginning of April.

The fall from favour of all but the very best corporate names, which these levels highlight, is not hard to explain.

In the US a rash of mergers and leveraged buyouts over the last year has resulted in some previously highly-rated companies being downgraded. Corporate restructurings that have arisen from the defences erected against hostile bidders have increased debt ratios of many companies substantially. Groups such as Union Carbide and Texaco have been involved in well-publicised litigation arising from industrial accidents, product liability claims and merger activity. Companies with energy interests have been viewed with increasing suspicion as the oil price has fallen.



Until very recently, US corporate borrowers had a cheaper alternative to the Euromarkets in the US domestic corporate debt market. But this was before a flood of new paper which has hit the US domestic market in the past few months. At the same time, there was a reduction in purchases of lower-grade US corporate debt by non-US investors. This left much of the market to be dominated by domestic investors, who tend to demand higher yields than those which foreign investors expect. This combination of factors has resulted in some cases in a doubling of US domestic spreads over US Treasuries during the last two months.

Issues for US industrial borrowers in the domestic US market now trade at margins of 130 basis points over Treasuries, and those for financial institutions at 150 basis points. These levels make a 100 basis point spread in the Eurobond market look comparatively modest. Unless the supply of paper to the domestic market lets up, this relationship between yield margins in the domestic and Eurodollar market — a reversal of that prevailing for most of last year — is likely to continue.

On fundamentals, bankers feel that yield margins over Treasuries in both the US domestic corporate debt market and the Eurodollar market must come down.

If the middle months of this year see the trough of the inflation rate in the US, as the effects of falling oil prices and falling interest rates make themselves felt, yields of US Treasuries will then begin to move up. Some bankers expect the long bond to be 100 basis points higher in yield by the beginning of next year.

Eurodollar bonds could then outperform Treasuries because traders in Europe are unlikely to mark bonds down to match New York. Spreads should narrow as a stronger dollar reduces foreign exchange worries and relatively high-yielding Eurodollar bonds attract defensive buying. Bankers foresee 30 basis point spreads on medium-quality Eurodollar bonds by the end of the year.

In the Eurobond market, however, what goes up does not necessarily come down. Investors who have been able to pick and choose credits are unlikely to lose their sensitivity to risk. This sensitivity now affects not only US corporate names but also, for instance, the smaller Canadian provinces.

Seasoned issues providing liquidity should prompt defensive buying, but large chunks of many relatively high-yielding bonds have become locked away and swapped into floating-rate assets.

Investors may also develop the view that, with interest rates on longer-dated US Government debt at their lowest since the early 1970s, it is only sensible that lesser borrowers should pay for the risk that rates might go up again.

This will apply particularly to long-dated issues. Spreads on last month's crop of 40-year issues have widened from about 50 basis points at issue to 130 now.

Clare Pearson

Dollar issues fall by two points in wave of selling

BY CLARE PEARSON

PRICES OF seasoned Eurodollar bonds dropped by two points yesterday in a wave of selling that prompted one trader to say of the market, "It's a bloodbath."

On Tuesday night, with the dollar hitting new lows against the yen, Japanese buyers finally reacted to the yen's record appreciation against the dollar and sold bonds heavily. In the aftermath, traders took profits in Europe yesterday.

Against this background the market was surprised that the two new dollar fixed-rate bonds of the day were for corporate borrowers, and fairly unknown ones at that. Priced on Tuesday night or yesterday morning, the deals looked less attractive against US Treasury bonds as New York markets opened lower.

The deals were for US Mountain States Telephone & Telegraph, rated AA, lead-managed by Goldman Sachs, and for unrated Allied-Signal, the US diversified industrial group, lead-managed by Mitsui Finance (Europe).

Mountain States' $200m seven-year bond carries a coupon of 7⅝ per cent and was priced at 100¼. This gave a yield at issue yesterday morning of only 45 basis points over US Treasuries, net of full fees. Allied-Signal's $100m 8 per cent bond was priced to give an initial yield margin of 73 basis points over Treasuries. Both bonds were trading outside their fees yesterday afternoon.

The sterling Eurobond market also suffered a mark-down in prices, to finish the day about ½ point easier. Nevertheless, the one new deal of the day was quoted above par. This was a £25m five-year equity warrants issue for Guinness Peat, the UK financial services group, lead-managed by Lloyds Merchant Bank. The bond bears a coupon of 7¾ per cent and was priced at par.

The exercise price of the warrants is 112p per share, representing a premium of 12 per cent over Tuesday's closing price. Despite a softening of the equity market yesterday, in which Guinness Peat shares lost 4p in line with the market, the bond was quoted at a bid price of 104.

The Australian dollar market lagged other bond markets in price falls yesterday. There were two new issues. Morgan Stanley brought a A$50m seven-year 13½ per cent bond for APM, the Australian paper and transport company. The issue price was 99¾.

Banque Nationale de Paris issued a A$51m 13½ per cent bond for its subsidiary BNP Pacific (Australia). The bond matures in three years' time. A bid price at a discount equivalent to the full fees was quoted.

Credit Lyonnais launched an Ecu 50m bond for European Investment Bank which forms part of an Ecu 300m financing, the balance being targeted at French investors. The 12-year Eurobond carries a coupon of 7⅞ per cent and was priced at par. Credit Lyonnais led the deal.

Prices of Swiss franc bonds were unchanged to a shade easier. Credit Suisse announced a SFr 50m private placement for Sumitomo Rubber Industries. Terms will be fixed on April 29, but the indicated coupon is 4⅝ per cent and the price par. The bond will be callable from 1989.

Safeway Stores' SFr 100m 5¼ per cent 15-year bond traded for the first time. It was bid at 99¼ against a 100¼ issue price. The coupon on European Investment Bank's SFr 200m 10-year bond, announced last week, was fixed at 4¼ per cent and the issue price at 99¼.

A SFr 500m issue, which would be the largest Swiss franc convertible private placement ever, is expected to be announced tomorrow for Sumitomo Realty and Development.

Trading in the D-Mark sector was nervous on the back of New York's trading and an increasing feeling that the Bundesbank is unlikely to cut the discount rate tomorrow. Prices were marked down by up to ½ points, although there was no heavy selling pressure.

Osaka seeks approval for stock futures

By Yoko Shibata in Tokyo

THE OSAKA Stock Exchange (OSE) yesterday applied formally for Ministry of Finance approval to start trading in Japan's first stock futures contract. The OSE hopes to start trading by the end of this year.

Stock futures trading, along with bond futures trading, which started on the Tokyo Stock Exchange last October, is expected to accelerate the internationalisation of Japan's financial markets.

According to outline proposals adopted by the OSE board of governors, the contract will cover the average price of 50 issues listed on the TSE, which it says will reflect more than 95 per cent of the movement of the market average.

Second Danish insurer sets up investment bank

BY HILARY BARNES IN COPENHAGEN

HAFNIA INVEST, the Hafnia Insurance group holding company, is to establish an investment bank on June 1 with a starting capital of DKr 250m ($30.8m). The bank's main area of operations will be pension savings schemes and the bank will not engage in retail business.

Hafnia is the second insurance-based group to set up an investment bank, a step taken by Topsikring at the end of last year.

The group reported an increase in net earnings from DKr 152m to DKr 216m last year. Premium income was DKr 4.9bn.

Hafnia Invest, which was established in 1984, made DKr 140m in its first full year of operation. Its share capital is to be increased by DKr 75m with an issue at market price, currently 1,800 per cent of par. There will be no rights for existing shareholders.

There will also be a one-for-two scrip issue to shareholders in Hafnia Insurance who take the opportunity to make a one-for-two exchange of Insurance shares for shares in Hafnia Invest.

● Codan Insurance has reported earnings up from DKr 247m to DKr 255m. Premium income increased by 23 per cent to DKr 1.4bn. Equity capital increased from DKr 1.87bn to DKr 2.29bn. The dividend will be an unchanged 20 per cent and there will be a one-for-two scrip issue.

Westpac in $152m Tokyo flotation

By Our Financial Staff

WESTPAC, Australia's biggest banking group, is issuing 25m shares to Japanese investors today, to raise A$152m (US$110m) before expenses, Mr Bob White, the bank's managing director, announced in Sydney yesterday.

The new shares will be priced at the yen equivalent of A$6.09, a discount of 2 per cent from yesterday's closing Westpac share price in Australia. They are expected to be listed on the Tokyo Stock Exchange by the middle of next month.

Proceeds of the issue will be used to fund Westpac's operations in the Western Pacific region as a whole, where the bank is seeking to enhance its role.

Tax changes lead GMAC to withdraw bond

By Our Euromarkets Staff

TAX COMPLICATIONS have forced GMAC to withdraw a $300m Eurobond launched last week with a novel structure linking redemption value to the yield of the current US Treasury 30-year bond.

It is extremely rare for a Eurobond to be withdrawn after it has been traded in the market.

Lead-manager Nomura International said the proposed tax changes, affecting bonds with variable redemption amounts, issued by US institutions, would have meant that GMAC could no longer claim tax credits on the 10 per cent payments of interest on the bond.

GMAC's $300m three-year "Treasury index bond" would have been redeemed at a rate below par if the price of the 30-year Treasury bond in three year's time had risen above a certain level.

Nomura International stated that it had become aware of the potential taxation problem very shortly after the launch of the bond last Tuesday.

GMAC's issue is now replaced by a $300m three-year 7 per cent bond with redemption at par. When issued yesterday morning at an issue price of 101, the yield over comparable Treasuries net of full fees was a slim 30 basis points. Nomura International said that the cost to GMAC on the new bond was approximately the same as that on the swap-driven variable-rate redemption bond, though this bond will not be swapped.

Another Treasury index bond was launched last Tuesday by Nomura International for Mitsui Corporation. As a US institution, this would also be affected if the changes came into effect. There are, however, no plans to withdraw Mitsui's bond.

Lund to run EBC Amro

AMSTERDAM - Rotterdam Bank has appointed Mr Anthony Lund as chief executive of its UK subsidiary EBC Amro Bank, formerly European Banking Company, which it acquired last year, reports Peter Montagnon, Euromarkets correspondent.

Mr Lund is currently a director of Shearson Lehman Brothers both in London and New York and was responsible for developing operations when Kuhn Loeb and Lehman Brothers merged in 1977. He will take up his new appointment on May 1.

Final terms on Jardine shares

FINAL TERMS have been set on Jardine Matheson's US$150m issue of convertible preference shares, increased from US$125m on Tuesday. Fixed dividend on the preference stock will be 7 per cent, and the conversion price into ordinary shares of Hongkong Land has been set at HK$7, a premium of 9.8 per cent from Tuesday's closing middle market price for Land of HK$6.375. The exchange rate has been set at HK$7.798 to the US dollar. Agencies

SHARQ loan

SYNDICATION of a $90m riyal-denominated revolving and term loan facility for the Eastern Petrochemical Co (SHARQ) has been closed, and will be signed in May, Finn Barre reports from Riyadh.

Nokia makes international placement

NOKIA, the Finnish diversified industrial group with interests in electronics, forest products and rubber, has raised FM 295m ($60m) through a private placement of stock to international investors. The issue increased Nokia's share capital by FM 62m to FM 757m and increases foreign ownership in the company from 6 per cent to about 15 per cent, Olli Virtanen reports.

The private placement was subscribed by a group of British and American investors who have a joint fund registered in the Dutch Antilles.

The issue comprises 320,000 free common shares of FM 100 nominal value sold at FM 500 and free preferred shares of the same nominal value sold at FM 450. The common shares reflect recent dealings in Nokia shares on the Helsinki Stock Exchange.

Nokia is Finland's largest privately held industrial company with a turnover of FM 21bn in 1985. The company's profit before taxes and appropriations rose by 58 per cent to FM 552m last year. Nokia raised its dividend for the year to 14 per cent from 11 per cent.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on April 23

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9¾ 16	200	101	102¼	−1½	−2	8.82
Atlan. Richfield 10¼ 00	250	107¼	108	−1⅛	−1½	9.24
Australia Com. 11 95	200	118⅝	118⅞	−1⅛	−1⅛	8.04
Australia Com. 11⅛ 03	100	119⅝	120¼	−1⅛	−2⅛	8.72
BP Capital 9½ 94	100	102⅞	103⅜	−2	−1⅜	8.57
BP Capital 11⅛ 92	150	110⅛	110⅝	−1⅛	−2	8.76
Campbell Soup 10½ 95	100	113⅝	114⅛	−0⅝	−1⅛	8.30
Canada 9 96	1000	108⅛	108½	−1½	−1	7.71
Canada 11½ 90	500	113¼	113¾	−0⅞	−0⅞	7.43
Canadian Pac. 10⅜ 93	100	110¼	111¼	−0⅞	−0½	8.64
CEPME 10⅛ 91	100	108⅞	109⅜	−0⅛	−0½	7.89
Citicorp 10 89	200	†104⅜	104⅞	−0⅞	−1⅛	7.84
Citicorp 10⅜ 95	200	108	108½	−1⅛	−1⅛	9.57
Credit Lyonnais 9 91	200	104⅞	105⅝	−0⅝	−0⅞	7.71
Credit National 9⅞ 93	150	105½	106	−1½	−1½	9.00
Denmark Kgdm. 11⅛ 89	100	108⅞	109⅜	−0⅛	−0⅛	7.78
Denmark Kgdm. 11⅛ 90	100	112	112½	−0⅞	−0⅛	7.85
Denmark Kgdm. 11½ 92	100	114⅞	115⅜	−1½	−1½	8.19
EDC 8½ 92	100	102⅜	103	−2	−2	7.91
EDF 10 95	225	109⅝	110⅛	−0⅞	−0⅞	8.42
EEC 8⅝ 91	150	104½	105	−1	−0⅛	7.41
EEC 8⅞ 90	350	105½	106	−0⅞	−0½	7.36
EIB 10⅝ 94	200	110⅞	111⅜	−1⅛	−0⅞	8.35
EIB 12 95	200	123⅞	124⅜	−1⅛	−1	8.13
Eli Lilly 10⅞ 92	150	112⅞	112⅞	−1½	−1	7.73
Equit. Lrd. Rlty. 10⅛ 97	100	108⅞	109⅞	−1½	−1⅛	9.12
Export Dev. Can. 10 90	100	106⅛	106⅞	−0⅞	−0⅞	7.47
Fed. Dep. Strs. 10⅛ 95	100	111⅛	111⅝	−1½	−1½	8.28
Ford Motor Crd. 10½ 94	150	108⅞	109⅜	−0⅛	−0⅛	8.38
Ford Motor Crd. 11⅛ 90	100	109⅝	110⅛	−0⅝	−0⅝	8.23
Gen. El. Cred. 10⅛ 00	200	106½	107⅛	−0⅛	−0⅛	9.33
GMAC 10⅛ 89	200	107⅛	107⅝	−0⅛	−0⅝	7.62
GMAC 10⅜ 92	250	107⅞	108⅜	−1⅞	−2	8.62
IADB 9⅞ 95	200	111⅛	111½	−1⅛	−1	8.08
IADB 10⅛ 95	150	115⅜	115⅞	−0⅞	−0⅛	8.04
Kellogg Co. 10⅞ 90	100	107⅞	108⅛	−0⅛	−0⅛	8.27
Kellogg Co. 11⅛ 92	100	112⅝	113⅛	+0⅛	−0⅞	8.33
Nippon Cr. Bk. 10⅛ 95	150	114⅛	115⅝	−0⅛	−0⅞	8.28
Pillsbury Co. 10⅛ 93	100	106⅜	107⅛	−1⅛	−2⅞	8.91
Proct & G. 'A' 9⅞ 92	150	105½	106⅛	−0⅝	−0⅞	8.62
Pru Realty S. 12⅛ 95	546	117⅞	117⅞	−1	−0¾	9.10
Qantas Airways 10⅛ 95	140	114	114½	−1½	−2	9.12
Queensld. Gvt. 10⅞ 95	100	113⅛	113⅝	−0⅞	−1	8.12
Ralston Purina 11⅛ 95	150	117½	118½	+0⅝	−0⅛	8.70
Saab Scania 9½ 91	125	104⅞	105⅛	−1⅛	−1⅛	8.24
Saskatchewan 10⅞ 92	100	111⅞	112⅜	−1⅞	−2⅛	8.08
Scandinavia Air 10⅛ 95	150	111⅛	112⅛	−1⅛	−1⅛	8.25
Strls Bk. S. Au. 9⅛ 93	100	104⅞	105⅛	−1⅛	−1½	8.28
Statoil 10 90	170	107	107½	−1⅛	−1½	7.93
S. Wales Trsy. 11⅛ 90	150	112⅞	112⅞	−1	−1½	7.97
Swed. Exp. Cred. 10 92	100	110	110⅛	−1½	−1⅛	7.82
Sweden 8⅞ 96	200	106	106½	−1½	−1½	7.82
Sweden 10⅛ 92	250	111⅛	111⅛	−1⅛	−1½	7.90
Sweden Kgdm. 10⅞ 90	200	109⅞	110⅛	−1⅛	−1⅛	7.88
Sweden Kgdm. 11⅛ 94	100	116⅞	116⅞	−0⅞	−1⅛	8.90
Tenneco Can. 10⅝ 95	150	108⅛	108⅝	−1	−1½	9.34
Utd. Tech. Fin. 10⅛ 95	100	†111⅛	111⅝	−1⅛	−1⅛	8.76
Victorian Rep. 11½ 92	150	115⅝	115⅝	−1	−1⅛	8.29
World Bank 9⅛ 2016	200	109⅞	110⅛	−1⅛	−2⅛	8.33
World Bank 9⅛ 2016	300	111	112	−2⅛	−2⅞	8.66
World Bank 10⅛ 95	300	114⅞	115⅝	−1⅛	−0⅛	7.77

Average price changes... On day −1⅛ on week −1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	109⅛	109⅞	−0⅛	—	9.47
Austrian Elec 6½ 95	150	102⅛	102⅞	−0⅛	—	8.13
Copenhagen 7⅛ 95	150	104½	105⅛	−0⅛	+0⅛	6.62
Dow Chemical 8⅛ 95	300	106	105⅞	—	−0⅛	5.89
EIB 8⅞ 95	200	107⅞	107⅞	—	—	5.81
EIB 7⅛ 94	300	106	106⅛	−0⅛	+0⅛	6.27
Emhart Cen. 6⅞ 95	175	103⅞	104⅛	−0⅛	−0⅛	6.21
Ex Im Bk Korea 7⅛ 90	100	101⅞	102⅛	−0⅛	−0⅛	7.02
Finland Republic 7 92	200	103⅛	104⅛	−0⅛	−0⅛	6.18
Gould Int. Fin. 7⅞ 91	100	103⅛	104⅛	−0⅛	−0⅛	6.65
Horon Intl. Fin. 7⅛ 95	100	100⅛	100⅞	—	−0⅛	7.17
Hoesch Intl. Fin. 7 95	100	103⅛	103⅞	−0⅛	+0⅛	6.49
Ireland 8⅛ 92	150	108⅞	110⅛	−0⅛	+0⅛	6.07
I/S Eisam 6⅞ 93	125	100	100⅛	−0⅛	+0⅛	6.60
Japan Fin. Con. 7⅛ 93	100	106⅛	107⅛	—	+0⅛	5.88
Mitsubishi M. 3½ 89 WW	100	107⅞	108⅛	−0⅛	−1⅛	0.67
Mitsubishi M. 3½ 89 XW	100	92⅞	93⅛	−0⅛	+0⅛	5.23
Quebec Hydro 7⅛ 95	200	100	100⅛	−0⅛	−0⅛	8.18
Renfe 7½ 95	100	105⅞	106⅛	−0⅛	0	3.80
Soc. C. Nuclear 7⅛ 95	150	104½	104⅞	—	+0⅛	5.58
Soc. C. Nuclear 8 91	100	105½	106⅛	—	−0⅛	6.53
S. African Tran. 7⅛ 92	100	96⅞	97⅛	—	—	8.17
World Bank 7 95	600	107⅞	108⅛	−0⅞	—	5.82

Average price changes... On day −0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Cpn. 6⅛ 94	130	†101	101½	−0⅛	−0⅛	5.16
Br. Land Comm. 6⅛ 99	75	†104½	104⅞	—	−0⅛	5.99
Chrysler 5⅞ 96	160	†102	102⅛	−1⅛	−1	5.47
Council of Europe 9 92	120	†103⅞	104	+0⅛	+0⅛	5.28
Creditanstalt 5½ 94	100	*†102	102⅛	−0⅛	—	5.18
Deutsche Bk. F. 6⅛ 95	100	*†104½	104⅞	−0⅛	—	4.71
Gen. Occidentale 4½ 94	80	†114⅛	114⅞	−2⅛	−2⅛	2.62
Glondele F. B&L 5½ 96	100	†99⅛	100	—	—	5.51
Ind. F. Finland 5½ 94	40	*†101½	101⅞	−1½	−1⅛	5.50
Int. Am. Dv. Bk. 6⅛ 94	120	†102⅞	102⅞	−0⅛	−0⅛	5.72
N. Zealand Steel 5⅞ 96	70	†101	101⅛	—	+0⅛	5.60
Oberos. Kftwk. 5⅞ 95	100	†102	102⅞	+0⅛	+0⅛	5.07
Olivetti Intl. 5½ 95	100	*†102½	103	−1½	+0⅛	9.10
Pepsico 5⅛ 95	130	†103⅛	104	+0⅛	−1	4.72
Phibro-Salomon 5½ 97	110	†102	102⅛	—	−0⅛	4.86
Ralston Purina 5⅛ 94	125	†102⅛	103	+0⅛	+0⅛	4.96
Settsu Euro. 0 2001	100	†49½	49⅞	—	−3⅛	4.83
Tokyo Elec. Pr. 5⅞ 93	120	†103	103⅛	+0½	+0⅛	4.94
Tokyo Metropolis 5⅛ 94	80	†101⅛	101⅞	−0⅛	−0⅛	5.01
World Bank 5⅛ 94	150	†104½	104⅞	−0⅛	+0⅛	5.07

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Exp. O. Cr. 5⅞ 91	20	98⅞	99½	+0⅛	−0⅞	6.13
Denmark 6⅞ 96	10	101⅛	102⅛	+0⅛	+0⅛	9.11
EIB 6⅛ 96	25	101⅛	102⅛	0	+0⅛	5.85
Procter & Gamble 6 91	25	100⅛	100⅞	−0⅛	+0⅛	5.85
Swed. Exp. Cred. 6⅛ 96	10	104	104½	+0⅛	+0⅞	6.04

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Ex. O. Cr. 0 94 A$	100	55	56	−0½	+0½	12.57
A. & NZ Bk. 15⅛ 90 A$	50	105⅛	106⅛	−0⅛	−0⅛	12.99
Fiat Finance 14½ 89 A$	50	104⅛	105⅛	+0⅛	+0⅛	12.26
LS Schleswg. 14⅛ 91 A$	30	104½	105½	0	−0⅛	12.72
Amex 10½ 90 C$	50	106	106⅛	+0½	−0⅛	8.87
Canad. Pac. 10⅛ 90 C$	75	107⅛	107⅛	−1	−0⅛	8.28
CIBC 10⅛ 90 C$	75	†104⅛	104⅞	+0⅛	+0⅛	9.46
Genstar Fin. 11⅛ 95 C$	75	†105⅞	106⅛	+0⅛	+0⅞	10.66
Montreal 11½ 95 C$	75	108⅛	108⅞	−1	−0⅛	10.02
Ryl. Trustco 10⅛ 90 C$	75	104	104½	−1	−0½	9.17
Sears Acc. 10⅜ 92 C$	75	†105⅛	105⅝	+0⅛	+0⅛	8.45
Coca-Cola F. 17 90 NZ$	75	103⅛	104⅛	+0⅛	+1½	15.61
Denmark 17½ 89 NZ$	50	†100	101	+0½	+0⅞	17.13
Unilever Ca. 17½ 89 NZ$	50	99⅞	100⅞	+0⅛	+0⅞	17.21
Copenhgn. C. 8 95 Ecu	40	112⅞	112⅞	−0⅛	−1	7.15
EIB 8⅝ 93 Ecu	180	108½	109	−0⅛	−1	9.98
Walt Disney 8⅛ 94 Ecu	63	107½	108	−0⅛	−1½	7.40
Honda WW 3⅞ 90 Fl	100	109	109½	−0⅛	−1⅛	1.42
Honda XW 3⅞ 90 Fl	100	92⅛	92⅞	−0⅛	−0⅛	8.13
Thyssen 7⅛ 90 Fl	50	103⅞	103⅞	−0⅛	0	9.33
Wereldhave 7½ 90 Fl	75	103⅞	104⅛	0	−0½	8.35
Wessanen 6⅛ 90 Fl	50	101⅛	101½	0	0	6.37
NERSA 9⅛ 95 FFr	500	108½	109⅞	−0⅛	−0⅛	8.40
Amev 11 93 £	50	†105½	106½	−1½	−1½	9.72
Australia Com. 11 92 £	40	108	108⅞	−0⅛	+0⅛	9.14
GMAC UK F. 10½ 90 £	30	104⅞	104⅞	−0½	+0⅛	8.17
Imp. Ch. Ind. 11⅛ 95 £	100	109⅛	109⅞	−0⅛	+0⅛	9.65
Imp. Ch. Ind. 10⅛ 92 £	75	105⅛	106⅛	+0⅛	+0½	9.46
Inv. in Ind. I. 10 93 £	60	102½	103⅛	−1½	−0⅛	9.43
Leeds Bld. S. 10½ 91 £	50	103⅞	103⅞	−0⅛	−0⅛	9.57
McDonalds 10½ 90 £	40	105⅞	106⅛	−0⅛	+0⅛	9.07
MEPC 10⅛ 2003 £	75	†98⅞	99⅞	−0⅛	−0⅛	10.33
Nat'nwide BS 10⅛ 93 £	75	102⅞	103⅛	−0⅞	+1½	9.49
NSW Treasy. 10⅛ 92 £	50	104⅞	104⅞	−1	+0⅛	9.65
Royal Ins. 10⅛ 92 £	60	106⅞	106⅞	−0⅛	+1⅛	9.65
J. Sainsbury 10⅞ 93 £	60	105⅛	105⅞	−1½	−0⅛	9.74
Tethes. Forte 11⅛ 90 £	50	104⅛	104⅞	−0⅛	−0⅛	9.76
World Bank 11⅛ 95 £	100	112⅛	113⅛	−0⅞	−0½	9.07
COE 8⅞ 95 LFr	600	†106½	107½	+2⅛	+0⅛	7.79
N. Lux. Al. 10½ 92 LFr	600	103⅛	104⅛	+0⅛	−0⅛	9.66

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. S. 5 96 £	0⅛	99.90	99.97	14/7	10.44
Barclays Bank Perp. 1	§0⅛	100.16	100.26	2/7	8⅛
Barclays Bank Perp. 2	§0⅛	100.22	100.32	14/8	8⅛
Belgium, Kngdm. of 91	0	100.39	100.49	19/8	6.06
BNF 5⅛ 95	0.05	101.81	191.91	10/7	8.05
Britannia 5 93 £	0⅛	99.94	100.02	8/7	10⅞
CCF 5⅛ 97	0	99.24	99.34	14/5	9.84
Citicorp 5 2005	0⅛	99.22	99.32	28/4	7.73
Credit Lyonnais 5 2000	0⅛	100.42	100.52	10/7	8.06
EEC 3 92 DM	0	99.95	100.03	20/8	4.44
EEC 5 90	0⅛	100.18	100.28	8/7	8.06
EEC 5⅛ 93 Ecu	0.0312	99.85	99.95	30/4	8.91
Ireland 5⅛ 97	0⅛	100.26	100.36	28/8	8⅛
Lloyds Bank Perp.	0⅛	100.18	100.28	9/8	8⅛
Midland Bk. Perp. 5	0⅛	100.22	100.32	13/8	8⅛
Milk Mkt. Board 5 93 £	0⅛	99.93	100.03	17/6	12.31
NatWest Perp. A	§0⅛	100.24	100.34	9/7	8.31
NatWest Perp. B	§0⅛	100.35	100.45	9/8	8⅛
New Zealand 5 97 £	0.07	99.73	99.83	14/8	12⅞
New Zealand 5 2001	0	100.22	100.32	4/8	8⅛
Prudential Con. 4 95 £	0.1	99.77	99.87	5/6	12.35
R. Bk. Scotland 5 Perp.	0⅛	100.08	100.18	11/8	8.44
United Kingdom 5 92	0	100.12	100.22	7/7	8.06
Woodside Fin. 5⅛ 97	0⅛	99.59	99.69	29/7	8.19
Woolwich 5 95 £	0⅛	†99.90	100.00	19/5	11.69

Average price changes... On day −0.04 on wk. −0.00

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1063	217⅛	219⅛	+1⅛	8.16
Comcast 7 2000	12/85	23.27	122	124	0	12.39
Fanuc 3⅛ 98	1/84	7932	238½	240½	−1⅛	58.98
Fuji Heavy Inds. 3 2000	8/85	676	113⅛	114⅛	−0⅛	−4.13
Fujitsu 3 99	5/84	1320	125⅛	126⅛	−0⅛	18.12
Kumagai Gumi 3⅛ 2000	3/86	600	†227	229	+10	10.86
Marui 3⅛ 99	7/84	1162	286½	288½	0	−0.71
Minolta Cm. 2⅛ 94 DM	2/86	1105	103⅛	104⅛	−0⅛	28.57
Mitsubishi Bank 2⅞ 00	8/85	1768	122⅛	123½	0	−1.73
Mitsubishi Elec. 2⅞ 00	3/86	422	124⅛	125⅛	−1⅛	−4.43
Mitsui Bank 2⅛ 01	4/86	101.9	108⅛	109⅛	+0⅛	−50.26
Murata 3½ 2000	7/84	2398	155⅛	156⅛	−2	19.93
Nippon Elec. 2⅛ 2000	1/85	1295	170⅞	171⅞	−1⅛	75.62
Nippon Oil Co. 3 2000	5/86	923	191⅛	192⅛	+9⅛	2.35
Oki Elec. Ind. 3½ 99	10/84	808	123	124	−0⅞	−4.42
Sanwa Bank 2⅛ 2000	10/85	1486	125⅛	127⅛	−0⅛	−0.95
Sekisui House 3 99	6/84	612	277⅛	279	+26⅛	10.10
Sumitomo Bk. 2⅛ 2000	8/85	2142	126⅛	127⅛	−0⅛	0.25
Sumitomo Cgn. 2⅞ 99	5/84	593	197½	199	+1⅛	8.18
Taiyo Yuden 3⅛ 2000	3/85	1078	†140	142	0	−2.82
Tokyo Sh'ya El. 3⅛ 99	12/84	772	105⅛	106½	−0⅛	−0.89
Toshiba Cnmcs. 3 2000	4/85	1734	126⅛	128⅛	−0⅛	−1.45
Nippon Oil 2⅛ 92 SFr	3/84	1052	†136	137	+8⅛	9.56
Nip. Shinpan 2 92 SFr	3/84	801	†177⅛	178	+0⅛	11.79
Asics 5 92 DM	12/83	620	135⅛	136⅛	+3⅛	9.17
Renown 3⅛ 90 DM	3/85	676	138	139	+1½	−3.31

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Which half is wasted?

Feona McEwan on a system for measuring advertising effectiveness

BILL BARRY, London chairman of Foote Cone & Belding, the advertising agency, is fond of telling the following morality tale. Scene: the boardroom. Subject: annual budgets. The production director argues his case for an increased figure for speeding up carton filling machinery. It will save 1 pence per unit, and our investment will be returned in nine months. Music to the chairman's ears. Then it is the marketing director's turn. "We've a slight problem with consumer awareness," he says. "Three million pounds would sort it out." No prizes for guessing which voice is heard.

Too many clients and agencies approach the planning of advertising budgets haphazardly, a mixture of guesswork, fingers-in-the-wind and a sort of suck-it-and-see attitude. There's a feeling that the process is more art than science, and if it has worked before, then, somehow, it will work again. British agencies, for their part, concentrate on the creation of ads much more than the justification for them. And on the client side, agencies say, sales projections are regularly made without taking into account the advertising factor.

This means that burning questions go unasked and unanswered. What is the return on my advertising investment? To what extent does advertising affect pricing policy? What is the value of my brand? What is the optimum budget? When should I advertise (in the peak or trough phase of my sales pattern), in "drip" or in "burst" format. How much should I spend (ie how much advertising is enough)? How does competitive activity affect my sales?

Now FCB, the world's eighth largest ad agency, has unveiled a major programme of advertising accountability which, it believes, will advance the understanding of how advertising works, make the industry more accountable and start to answer some of the vital questions. FCB has already spent four years and nearly £1m (that's just in the UK) measuring the sales performance of 21 clients, in what it believes is the most thorough and broadbased project of its kind. Markets looked at include fast food chains, newspapers, packaged goods and consumer services.

The measuring tool is econometrics, fast becoming a buzzword in the industry. The technique is not new to advertising—D'Arcy Masius Benton & Bowles, Ogilvy & Mather and J. Walter Thompson are known to do work in the field and more sophisticated clients do their own—but FCB argues that it is more strongly committed to the process.

Econometrics as applied to advertising involves statistical analysis by which it is possible to measure sales patterns against advertising and other marketing forces. By monitoring past performance, the idea is to help shape future strategies. Novel it may be, but in 10 years' time this will be the norm, in Barry's view.

No one is pretending that econometrics provides the ultimate solution. At the end of the day there is no neat single answer to advertising's behaviour and each marketplace is different, says FCB. But what it does offer is a shortening of the odds. Now, says Barry, we can start to demolish Lord Leverhulme's supposed tenet that we know half our advertising budget is wasted but we don't know which half. "We're reducing his 50 per cent and we know which half we're talking about," says Barry.

Some of the findings from (confidential) product categories to emerge from the agency's research include:

- a £1m television campaign increased the total market for the product by 4 per cent and brand share by 1 per cent;
- £100,000 ad spend added 110 tons to sales while a price increase of 1 per cent lost 40 tons of sales;
- improvement of 7 per cent in sales return achieved purely through timing of television advertising;
- tube posters were as effective as television for local (London's west end) retail outlets;
- competitors' advertising was sometimes shown to have no discernible short-term effect;
- a 50 per cent budget increase was seen to be profitable but a higher level would have given a negative return.

Ultimately the potency of the results depends upon good accurate data in the first place. FCB needs a minimum of two years' customer sales figures (monthly, weekly or whatever). Failing that, trade figures and as a last resort, shipments, are better than nothing. To that advertising data is added, awareness and attitude shifts. Finally there are the marketing variables (FCB has looked at around 21, ranging from climate and VAT rates, to promotions and budget date) including the vital factor, price (of own product as well as of competitors).

Using econometric modelling, FCB says it can help more accurately shape marketing, media and advertising strategy for clients; determine more accurately optimum budget levels; choose cost-effective media; identify relative benefits from promotional activity; relate price increases to advertising investment; improve media effectiveness by better timing (the rate of decay of advertising effect on sales, for instance, varies from 5 per cent to 30 per cent one week after the campaign ends).

Findings, says Barry, underline the value (for those who doubt it) of brands, assaulted as they are by retail power and own label. There is evidence to suggest that advertised brands tend to be less price sensitive than nonadvertised brands and the consumer, feeling them to be different, is prepared to pay more for them. Given that products have become more and more equal (if they don't start out that way, they are soon copied) it is differences like this that everyone is looking for (see Kraft story).

There were several reasons for embarking on the lengthy and costly programme, says Barry, not all altruistic. In one sense, it is a salvo against the younger domestic agencies, whose rapid and aggressive stance now attracts top talent and top clients. "They're a tremendous force to be reckoned with," says Barry, who feels FCB's work is striking a blow for the multinationals. "We examined where we wanted to be in five years' time and good creativity is only half the story. What we had that the smaller agencies lacked was resources, money and staff to support such a venture. This is the accountability part of the equation. Creativity is the other.

"We set out to find out how advertising works and how much is enough," says Barry—questions to which many a managing director and chairman (now taking more of an interest in their advertising than ever) would like answers.

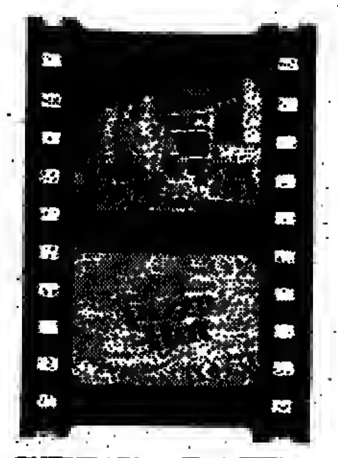
Clients, on the whole, are enthusiastic about the FCB programme. "Often clients' data is not organised so we help them improve it or to improve their use of it," explains Dick Dodson, director of media and marketing research. One client sneaked in and bought the modelling information only, though that is not a habit the agency is encouraging. "We want it to be a service for clients and prospects only," they say. One prospect, which ultimately failed to appoint FCB, nevertheless was impressed enough to buy the statistical modelling.

It is important not to confuse the accountability factor of econometrics with the creative element of advertising ("still the magic," as Barry puts it, "for multiplying clients' budgets.") Econometrics won't tell you what to say, but it will tell you if it has worked. So if a new creative tack is attempted, it is possible to test market that and compare its performance against the old approach.

What is important is that such techniques offer the marketing director his strongest ammunition. Now he can speak the same accountable language as his boardroom colleagues. "I need this amount," he can say, "because I want to shift awareness and these specific attitudes among our target audience by 15 per cent and we know that this will increase sales by X per cent which will ensure we get a return on our investment."

It is not, however, quite so simple as that. As one agency client remarks: "There is no question that econometrics when put together by people who know what they are doing can teach you an awful lot about your business and can isolate effectiveness of adspend. But it must be done by people who understand maths well and, more than that, who have their feet firmly on the ground. Given that, it is very effective indeed."

A booklet on FCB's econometric techniques and experience is available on request from Bill Barry, Foote Cone & Belding, 82 Baker Street, London W1.



CLIENT: Pizza Hut (UK)

PROBLEM: To quantify advertising return so as to assess viability of regional support; to aid pricing policy; and to determine media strategy.

FINDINGS: Sales are becoming less price sensitive over time; advertising decay rate suggests the need for a "drip" campaign; London underground posters are extremely effective.

"Econometric modelling is a very sophisticated tool," says Jeff Carr, marketing director of Pizza Hut (UK). "It's useful in helping us evaluate the effectiveness of various ad campaigns and in planning our advertising. In a market like ours that is growing dramatically, we need to plan our expenditure carefully . . . We do our own marketing evaluation but it is nice to have independent analysis to cross check."

CLIENT: Kraft Sausage Rolls

PROBLEM: Should it continue to advertise a premium price product in what is a commodity market, or cut back advertising and compete on price.

FINDINGS: Confirmed that Kraft is less price sensitive than competitors. Advertising increases the market as well as brand share. It is possible to build a brand and defend it in a commodity market. Each £100,000 spent on advertising generates an X per cent increase in brand share in an increased market. It highlighted the potential for X per cent sales increase through advertising in non-advertised areas.

"As a marketing tracking tool, econometric modelling has clarified our thinking, particularly given the high level of competition of pricing and promotional activity in our market," says Clive Knight, marketing manager, Kraft Foods.

Exporting extravagant claims and adjectives

Christian Tyler reports on a US mission to encourage more franchising in Europe

ARTHUR KARP thinks the British are ready for his brand of chocolate chip cookies, a sort of biscuit that has helped him turn an investment of $8,000 into a company with sales approaching $100m a year.

The hirsute Karp comes from Atlanta, Georgia, and is a graduate of the dare-to-be-great school of marketing. This month he was in London to sign up a "master licencee" of his franchise operation, modestly named the Original Great American Chocolate Chip Cookie Company.

By means of this deal, he hopes to create another 150 cookie shops and counters to join the 300, run by 47 franchise holders, he has started in the US. It will be his first excursion abroad and his first brush with foreign tastes and foreign competition.

For Karp, franchising cookie shops has been a trip down the yellow brick road to that place where they make the American dream. He says he still cannot believe it has happened to him.

"We're not special people," he says, motioning towards his wife. "I don't have a PhD. We're nothing special; we just work very hard." His wife agrees: "It's like a dream come true."

The Karps were with a party of eight franchise operators brought over to Europe by the US Department of Commerce to promote this peculiarly American kind of export in Munich, London, Amsterdam and Paris.

The group represented the newer and faster-growing kind of franchising in which business ideas or "formats," rather than products, are licensed to small entrepreneurs. Included in the party were managers selling two kinds of health club, greenhouses, automatic car washing, ten-minute car lubrication, carpet cleaning and dyeing, financial services, and video shop management.

It is a business that loves extravagant claims and big adjectives, where failure is just not talked about. A sample of one company's literature conveys the flavour:

"Rainbow International is the cornerstone company in an overall plan to develop a $433m conglomerate known as "Synergistic — International" . . . Rainbow International will market 2,000 franchises within a seven-year period . . . We are a company dedicated to helping its people achieve their personal goals . . ."

Rainbow International cleans and colours people's carpets.

Such hype is explained by the enormous growth of franchising in the US and by the international success of operations like McDonald's hamburgers, one of the biggest franchisors in the world and said to be opening shops at the rate of one every 18 hours.

In the US there are nearly half a million franchise outlets, with 6m employees and expected to generate sales of $576bn this year, a third of total retail sales. By the end of the decade, that proportion could rise to half.

The figures include car dealers, petrol stations and soft drink bottlers which, with other product and tradename franchisees still account for three-quarters of the business. The fast growing part of the market, however, is so-called "business format" franchising which ranges from ice cream parlours to drain clearers to maid services.

Export of this characteristically American business proceeds apace. A US Department of Commerce report estimates that by 1984 there were 328 American franchisors operating overseas through 27,000 outlets. It has identified another 137 companies which want to take their ideas abroad by the end of next year.

Not surprisingly, Canada is the biggest market for US franchisors, with Japan, surprisingly, the second and Britain third. The British market is said to be growing at a rate of over 30 per cent a year and to be worth $2.5bn at present, and is forecast to grow to $7.5bn by 1989.

Tempting as this prospect of an unsaturated market may be, the zealots and boosters must be aware that franchising is not a system for beating the ordinary rules of commerce. What sells in one country may not sell in another. But do they really believe it?

Audrey Sedita is president of a company called Contempo Women's Workout, which offers a "unique" (what else?) health club package of "nutritional guidance, state of the art equipment and high energy exercise classes continuously throughout the day." Sedita wants to franchise the system in Europe, but would open a number of clubs first "to get all the kinks out of the market area." She says: "I must understand the English woman—how she thinks, her lifestyle."

Some American franchisors in the past have failed to understand the "lifestyle" and came to grief. For example, Burger King started in Britain with ten franchisees but had to buy them all back.

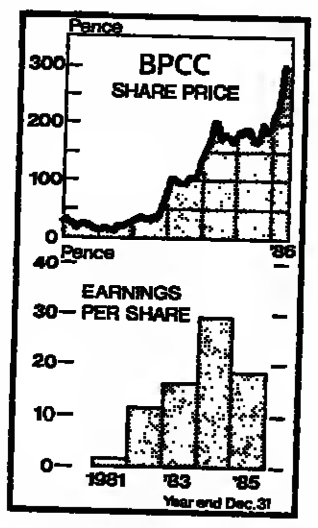
"There are many cases of Americans coming over here and not getting it right," says Peter Stern, franchise manager of the National Westminster Bank.

"The Americans have not been notably successful in the recent past because they haven't anglicised the product. But I think now they realise they cannot expect things just to happen naturally."

UK COMPANY NEWS

Lower property sales cut BPCC profits by 33%

WITH LITTLE activity in the property division and a fall of more than £4m in publishing profits, The British Printing and Communication Corporation reported pre-tax profits for 1985 down by 33 per cent to £25.52m, against £37.88m. At the same time the chairman, Mr Robert Maxwell, announced his intention to make the company a leading worldwide information group.



The sale of the major part of the Odhams site in Watford helped 1984 results but during 1985 there were no significant disposals. The property division suffered losses of £1.86m compared with profits of £15.61m in the previous year.

The publishing division saw profits fall from £4.4m to £267,000. The chairman says that the decision to merge Macdonalds and Purnell Publishers resulted in the need to absorb considerable non-recurring costs and overseas sales fell particularly in Japan and Sweden.

Group turnover was almost unchanged at £265.14m (£266.52m), however, the 1984 figures included an extra £28.5m of property turnover compared with 1985.

In his statement accompanying the results Mr Maxwell says BPCC intends to become a leading worldwide information technology, printing, publishing and communications group with annual sales of £3bn to £5bn by 1990 and profit growth to match.

Last month the company announced plans to pay £239m in shares for the journal publishing operations of Pergamon Press, Mr Maxwell's private company, in a deal which would increase Pergamon's stake in BPCC to nearly 75 per cent.

In his statement Mr Maxwell says BPCC plans to expand, especially in the fields of information technology and communications, as well as in specialised printing services.

Mr Maxwell has given his backing to a £170m takeover bid for Extel, the business and sporting information group, from Demerger Corporation, and is widely expected to try to gain control of some of Extel's business if the bid succeeds and Extel is split up.

The printing division saw profits improve from £16.53m to £23.92m and packaging reported profits of £3.21m (£1.32m). Excluding property, taxable profits were up from £22.25m to £27.39m.

From earnings per share of 18.5p, down from 29.6p, the total dividend is being increased from 11p to 12p with a recommended unchanged final payment of 8p.

From the present year the company intends to reduce the disparity between the interim and final payments.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Laura Ashley	1	—	—	1	14*
Bank of Scotland	8.5†	June 13	8.25*	14	14*
BPCC	8†	July 2	8	12	11
C. D. Bramall	5.17	—	4.35	7.77	6.7
Cannon St.	nil	—	nil	1.5	nil
Conrad Holdings	2.5	May 23	—	2.5	—
English National	5.25¶	June 25	4.6	8.55	7.7*
English National	2.8‖	June 25	2.15	3.65	3.01*
M. J. Gleeson ......int.	1.65	June 27	1.5	—	5.37
Marlborough Property	0.88	—	0.35	0.8	0.55
Paul Michael	nil‡	—	1.25	nil	1.25
Pochin's ......int.	4	July 1	4	—	12.9
Scott & Robertson	1.8	June 6	1.6	2.7	2.5
Securities Trust	3.4	June 30	2.7	—	4
R. Smallshaw	2	June 1	1.75	2.75	2.5

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Preferred ordinary stock. ‖ Deferred ordinary shares.

Demerger's Extel bid attacked on two fronts

By Charles Batchelor

Demerger Corporation's unusual £170m takeover bid for Extel, the business and sporting information group, received a double setback yesterday, three working days ahead of the offer's final close on Monday.

The Takeover Panel, in its first public intervention in the takeover bid, issued a statement critical of Ilincorp. Earl, Demerger's financial adviser, for failing to consult the Panel about a press release issued in the course of the bid.

This was followed by a statement from Satellite Racing Development (SRD), a consortium of four leading bookmakers, drawing attention to what it called "misleading statements" from Demerger about SRD's televised racing services.

The panel said Ilincorp had failed to interpret the take-over code correctly in public comments made about an attempt by Kleinwort Benson, Extel's adviser, to buy Extel shares. Ilincorp suggested in its release that the principle on which the take-over code was based, equality of treatment for all shareholders, had not been adhered to.

The first of the code's general principles in fact states that all shareholders of the target company must be treated similarly by the bidder. The code places no obligation on the target company, or its advisers, to treat its own shareholders similarly.

The Panel also expressed surprise that Ilincorp had mentioned to journalists that it had complained to the Panel about reported estimates of Extel's profits. The Panel had no evidence to indicate these estimates came from Extel or its advisers.

Yesterday's Panel statement said that Ilincorp had "apologised unreservedly" to it.

SRD, which groups Ladbroke, Mecca, William Hill and Corals, said two points made in Demerger's revised offer document were misleading. Demerger had said Ladbroke and Mecca had recently set up a televised racing cable network and that Demerger was in a position to beat SRD in providing a live TV racing service.

SRD said the cable network referred to must be an in-house videotext system which had been operation for several years and which bore no relation to a TV racing network.

As for Demerger's proposed "live" TV racing service, it was inconceivable that such a service could be provided ahead of SRD. SRD plans to start its service this autumn after 12 months' planning. There was no evidence of similar preparation by Demerger, SRD said.

Hanson US disposal

Hanson Trust's US offshoot, Hanson Industries said that SCM, which it acquired for over $900m earlier this year after a bitter law suit, had contracted to sell its leasehold interest in seven floors of 299 Park Avenue, New York. The total consideration was $36.5m (£24m), payable in cash.

Rank expansion

Rank Organisation's subsidiary Strand Lighting has acquired Electro Controls of Salt Lake City, Utah, US, and its Canadian subsidiary, Centrol Lighting, for a total of US$9m (£5.9m).

David Lascelles looks at the parting of the ways in the Hambro family

Winning formula or tempting target?

BAFFLINGLY complicated it may be, but yesterday's re-ordering of the shareholding in Hambros marks the end of an era in one of the City's best-known merchant banks.

What it will do is enable those members of the extended Hambro family who so wish to sell out of the business founded by their forebears nearly 150 years ago and strike off on their own at a time when the Big Bang is opening up all sorts of new opportunities in corporate finance.

The changes will give the family members this freedom by granting them a direct stake in Hambros which they can sell or keep as they please. This will replace the close-knit and cumbersome Hambros Trust through which the family indirectly controlled the business in the past. After the changes have gone through, the Hambros Trust will disappear, and the Hambro family vote in Hambros will be reduced to below five per cent.

At the same time, the complicated share structure which gave greater voting rights in Hambros to some shareholders, notably the Hambros Trust, will be replaced by a single class of ordinary shares with one vote each. So Hambros will have a normal share structure which will make it easier for the group to go to the market for new capital—but also for predators to gobble it up.

These changes have been triggered by a historic—though everyone insists amicable—parting of the ways between two main branches of the family headed by Charles and Jocelyn Hambro, who are cousins. Mr Charles will remain chairman of Hambros. But Mr Jocelyn along with his three sons, Rupert, James and Richard want to set off in a new direction. Mr Rupert Hambro, who has been the leading light at Hambros for the last three years, has just resigned as executive chairman of the bank.

Mr Charles Hambro (left), chairman of Hambros, Mr Rupert Hambro, former executive chairman, and Mr Jocelyn Hambro

The Jocelyn group are the largest of the Hambros shareholders and will end up with about 3 per cent of Hambros stock after the changes. But they will sell most or all of this and put the approximately £13m proceeds towards a new venture of their own.

The group has already moved out of Hambros' splendid banking hall in Bishopsgate and taken up residence in the Liffe building in Threadneedle Street round the corner.

Mr Rupert Hambro said yesterday that they want to set up a corporate finance company that will earn fees by offering advice to company and institutional clients. They have not taken anyone from Hambros with them, but expect to recruit people in the shake-out that will inevitably follow the Big Bang in October.

"We want to go private, and then probably come back to the market in about four or five years time," he said.

The group's right to use the Hambro name is specifically provided for in the agreement hammered out over the last few days—so long as they differentiate it from the bank.

Hambros itself, with the protective cloak of the Hambros Trust removed, will now have to prove that it can stand on its own two feet, or face up to possible takeovers. Although it has made valiant efforts to shake off its trouble-prone reputation, there are still sceptics who doubt that the group really knows where it is going, and this feeling may be reinforced by the departure of the Hambro management.

Yesterday it was doing its best to play down all the bid rumours that have been swirling around.

A promise that profits will be up "substantially" this year was conspicuously included in the announcement. Mr Christopher Sporborg, director of Hambros, also said: "We are not seeking a bidder and we have every confidence in Hambros as an independent quoted company. We think w have a coherent strategy, and all facets of the business are firing on all four cylinders."

Following a strategic review nearly a year ago, Hambros now consists of two divisions, banking and investment, though it has been cautious about throwing itself into the Big Bang like most of its rivals.

Mr Chips Keswick, the chief executive of Hambros Bank, said the philosophy is, "to stick to the businesses we know and understand, and which we believe have a real future." He listed these as corporate finance, foreign exchange, commercial banking, leasing, primary issuing, general banking, Euromarket trading and fund management.

"It is better to have a rounded business that it not dependent on a bull market," he said. "We do not want to have all our eggs in one basket." However Hambros has forged connections with Strauss Turnbull, the Euromarket trading house, and may take these further with Societe Generale, the large French bank which is also associated with the group. Much will depend, though, on how Hambros views the outcome of Big Bang.

On the investment side, Hambros is acquiring Bairstow Eves, the estate agency, with a view to building up a personal finance and mortgage dealing business to add to existing investment, insurance and other interests.

Whether this rather unusual assortment of businesses amounts to a winning formula or a tempting takeover target is something that will become clear before long.

MAIN PROPOSALS OF THE OFFER

- Hambros to buy all the issued equity capital of the Hambros Trust, through which the Hambros family controls the group. The trust has 13.5 per cent of the shares but nearly 50 per cent of the votes.
- Terms are 18.1m new ordinary Hambros shares plus £1.5m in cash, or 385p per Hambros Trust share.
- Kleinwort Benson to underwrite a cash alternative worth 340p per share, or a total of £51.1m.
- Holders of limited voting right shares of Hambros to be fully enfranchised. Holders of full voting right shares to be compensated with an issue of 5.7m new shares, equivalent to 4.1 per cent of the enlarged equity. Following enfranchisement, these holders will have 18.6 per cent of the Hambros vote, down from 80 per cent.

Associated Heat shares soar on bid approach

BY MARTIN DICKSON

THE SHARE price of Associated Heat Services soared yesterday when the company announced that Compagnie Generale de Chauffe (CGC) a French group holding 36 per cent of its shares, had made an approach, which might lead to a full bid.

Associated shares closed last night at 445p, up 90p on the day, at which level it has a market capitalisation of £35.6m.

CGC is one of France's leading heat service companies, with subsidiaries in several other European countries, and has an annual turnover of around £500m.

It was a founder shareholder in Associated Heat when it was formed 18 years ago as an offshoot of the National Coal Board.

Associated, which offers a comprehensive heating service — installing and managing coal, oil and gas-fired boilers and air conditioning plant — came to the market in 1982. Its chairman is Lord Ezra, the former chairman of the National Coal Board.

It was badly hit by the 1984 UK miners' strike but recovered in the first half of the current year, reporting pre-tax profits of £1.71m in the six months to last September, against £1.3m in the same period of the previous year.

DERBY TRUST said total value of its portfolio at March 31, 1986 was £41.38m, against £36.55m at December 31, 1985. Assets attributable to capital holders amounted to £36.63m (£31.8m) equivalent to 285p (247½p) per capital share.

Meyer to merge Dutch operations

Meyer International, the British timber importer, plans to merge its Dutch operations with those of Kon. Houthandel William Pont, the largest timber company in the Netherlands.

This deal will create a Dutch timber and DIY company with turnover of about £190m, including £50m from Meyer International Nederland (MIN).

It is intended to improve conditions in the Dutch timber trade, where too many companies have been chasing a declining volume of business, Mr Ron Groves, Meyer's chairman, said.

The plan is for Pont, which is listed on the Amsterdam Stock Exchange, to form a new company, known initially as Newco, to buy MIN's capital and Pont's Dutch timber trading and DIY subsidiaries.

Cadbury makes agreed £4m bid for Canvermoor

BY TERRY POVEY

CANVERMOOR, the USM-quoted soft drinks wholesaler, has accepted a £3.92m cash offer for the company from Cadbury Schweppes.

Mr Tony Hemans left Britvic to found Canvermoor, of which he is chairman and managing director, in 1972, and owns almost two-thirds of the issued shares. In the year to September 1985 pre-tax profits were depressed by the effect of the miners' strike on this Yorkshire-based company to £100,000, against £402,000 previously. Turnover in 1983-84 was £3.7m.

Cadbury is offering 95p cash or the same amount in variable rate loan notes for each of Canvermoor's 4.17m shares. The USM company's financial advisers consider the offer to be fair and reasonable, and the board is unanimously recommending it.

Mr Hemans is negot. buy seven pubs bought by Canvermoor. Cadbury that any agreement re before the offer becomes conditional will be put bef Canvermoor shareholders fo approval.

Last night Canvermoor's shares were still suspended at 60p. The offer represents an exit multiple of 19 on the more representative 1983-84 earnings per share of 4.9p.

Greycoat rights

The rights issue of up to 18.56m ordinary 10p shares at 207p for Greycoat Group, property investor and developer, has been taken up in respect of 17.47m shares (94.1 per cent).

Public Works Loan Board rates

Effective April 23

Years	Quota loans repaid by EIP† %	Quota loans repaid A‡ %	Quota loans repaid at maturity§ %	Non-quota loans A* repaid by EIP† %	Non-quota loans A* repaid A‡ %	Non-quota loans A* repaid at maturity§ %
1	—	—	8	—	—	9¼
Over 1 up to 2	8¾	8¼	8¾	9⅞	9¼	9⅜
Over 2 up to 3	8¾	8¾	8⅞	9¼	9⅛	8⅞
Over 3 up to 4	8¾	8¾	8¾	9⅜	8⅞	9⅛
Over 4 up to 5	8¾	8⅞	8¾	9⅛	9⅛	9⅛
Over 5 up to 6	8½	8⅞	8½	8⅞	8¾	8⅞
Over 6 up to 7	8¾	8¾	8¾	8¾	8⅞	8⅞
Over 7 up to 8	8½	8¾	8½	8½	8⅞	9
Over 8 up to 9	8¾	8¾	8½	8¾	8¾	8¾
Over 9 up to 10	8¾	8⅞	8¾	8¾	8¾	8½
Over 10 up to 15	8½	8¾	8½	9	8½	8½
Over 15 up to 25	8½	8½	8½	9⅛	9⅛	9⅛
Over 25	8⅞	8¾	8⅞	9⅛	8¾	9⅛

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

British Empire in agreed £66m bid for Ashdown

BY CLIVE WOLMAN

THE FAST-GROWING and highly rated British Empire Securities and General Trust, an investment trust managed by tbe Imperial Life Assurance Company of Canada, yesterday *announced* an agreed £66m bid for Ashdown Investment Trust. The acquisition is expected to foreshadow further take-over activity in the trust sector.

Tbe bid will create a combined company with about £53m of equity and borrowings of £38m, including a £12m newly-issued debenture. The 25-year debenture will be issued at a redemption yield wbich will be 125 basis points over that on the nearest equivalent Government security.

Mr John Walton, a director of British Empire, said yesterday that the company would rednce its bank borrowings fairly swiftly by liquidating part of Ashdown'a portfolio, in particular its unlistad securities which account for about 14 per cent of its assets.

At present 80 per cent of its portfolio is invested in other UK investmant trusts and much of the remainder is in property companies. The portfolio is highly concantrated with only 1S stocks accounting for 95 per cent of assets.

Most of the cash raised from liquidating the bulk of the Ashdown portfolio will be re-invested in investment trusts, property companies and other companies whose shares stand at a substantial discount to thetir net asset values.

British Empire's aggressive and specialised investment strategy has proved popular with investors. Its own shares stand at an unusually high premium of nearly 20 per cent above its net asset value. "British Empire is liked because it is seen as a deal-making company and not an ordinary investment trust," said Mr Tel Sellers, an analyst at stockbrokers Laing and Cruickshank.

Ashdown shareholders are being offered a mixture of British Empire equity, loan stock and cash valned at 100 per cent of the net asset valne of the Ashdown trust. A cash alternative, worth 95 per cent of net asset value, will also be available. The bid is being financed by the issue of £12m of new equity, the £12m debeoture and £26m in bank borrowings.

British Empire already bolds a 19 per cent stake in Ashdown which has been built np aince November at prices which represented an average discount of 13.5 per cent to net asset valne.

Ashdown, which is managed by the merchant bank J. Henry Schroder Wagg, has suffered from the poor performance of its nnlisted securities. Speculation that a takeover was inevitable was fuelled by a directors' announcement last montb that a change lo the trust's long term objectives were being considered.

Ashdown's share price fell 2p yesterday to 186p compared with the cash offer of 191p.

ASI suspended amid growing market concern

BY TERRY POVEY

TRADING IN the sharea of Access Satellite International was suspended yesterday at the company'a request. A statement on the USM-quoted company'a financial position is due soon from the directors.

This week ASI's share price has fallen from 63p to 45p, the level at wbich it was suspended. There has been growing concern in the market over the possible impact on profits of two legal disputes in the US, plus the extent of trading between ASI and companies associated with present or past members of the board.

When ASI joined the USM in November 1984 the shares were placed at 160p with institutions. In April 1985 a peak of 310p was reached.

The major shareholders in ASI are Joseph Lindrop (Holdings) with 29.6 per cent, which is a subsidiary of Deblinair—a private company in which Mr Martin Wardman, the former cbairman, owns almost 50 per cent. Mr Wardman directly owns a further 3.1 per cent of ASI's issued capital. Another 31 per cent of ASI's shares are beld by Mr John Garton, the managing director.

Of the four directors on the board at the time of the flotation, three have left in the subsequent 17 months. The company is presently looking for a finance director.

ASI manufactures and distributes mobile work platforms which, the company sals, could have an lmportant market as a substitute for fixed scaffolding.

Midland approval

Sbareholdera of Midland Bank have approved the proposed sale of Crocker National Corporation to Wells Fargo and Co at an extraordinary general meeting in Loodon.

POCHIN's, builder and civil engineering contractor, made pre-tax profits of £352,000 (£333,000) in the six mooths to November 30, 1985, on turnover of £11.31m (£11.6m). Tbere was again no tax and earnings per share came to 33.8p (32p). The interim dividend is held at 4p net. The company says it is not possible to make a forecast of the current year's results.

Peters Stores calls halt to dealings

Shares in Peters Stores, the loss-making retailing and property group, were suspended yesterday pending clarification of the company's financial position.

Peters said it was in discussions with its bankers with regard to its financial situation and would make a further announcement as soon as possible.

At the suspension price of 52p, down 8p since the start of trading, the company bas a market capitalisation of £1.6m.

Last November, faced with pre-tax losses of £1.9m for the year to June 1985, Peters announced that it had decided to sell off most of its 40 shops and become a property company.

BLAGDEN INDUSTRIES says it is baving "meaningful discussions" concerning the sale of the plastic business at Billericay, Essex. This comprises Ball Plastics, Henry J. Peters (Billericay) and BEF Products (Essex), and covers compression and injection moulding.

BAT receives offers for US stores

BY DAVID GOODHART

BAT Industries, which announced in January that it ptanned to sell balf of its US retail business, said yesterday that it bad received several formal offers for the stores and boped to make a decision in a *few weeks' time*.

The comments from the company were prompted by a statemant from Mr Christopher Jensen, the executive vice president of the US investment group Baytree Investors, who said be bad made a bld for the four department store chains put on the market by BAT. The four chains are Gimbels, Kohl'a stores, Frederick and Neison, and Cresceot department stores.

Mr Jensen told Reuters that he bad withdrawn from a $470m offer for Carson Pirie Scott and added that the price of the latest bid for the BAT stores was "very significant."

Io January BAT said it hoped to raise about $600m (£395m) from the sale of the 93 slores which in 1984 bad sales of $1.3bn out of BAT's total US retail turnover of $3.3bn.

— Mr Keith Richardson of BAT would not confirm that an offer bad been made by Baytree, but aaid that several offers bad been lodged. However be stressed that the fioal prospectus was released only at lhe beginning of last montb and the company had only recently begun sifting througb the offers. "We bope lo make an announcement by the middle of the year," be said.

Irving extends offer for Smith St Aubyn

Irving Trust, the US banking groop, yesterday extended for another 14 days its offer for Smith St Aubyn, the discount bouse, which is recommending a rival and bigher bid from King & Shaxson, another discount house.

Irving said that by Tuesday, the most recent closing date of lts offer, it bad received acceptances covering 21.54 per cenl of Smitb's shares—but that notices of withdrawal had also been received for 3.45 per cent of the shares.

In extending the offer until May 6, it noted that in view of the rival bid, it had the rigbt to revise its offer at any time up to May 31.

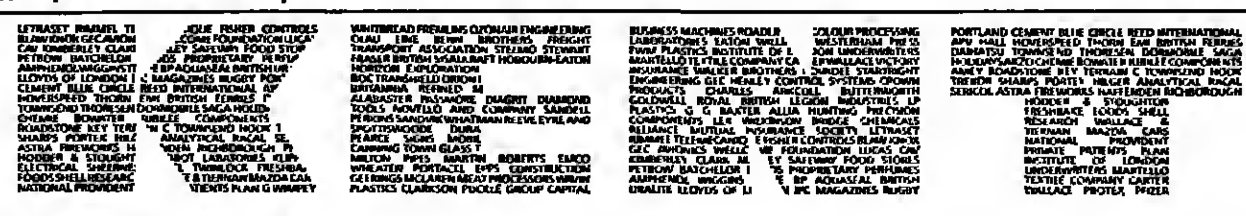
The directors of Smith originally recommended Irving's cash offer of £8.35m but then withdrew this wben the King & Shaxson offer emerged. King offer is to be determined by the establishment of a formula asset value, whicb is the net tangible assets attributable to each share at the close of business on the day when the offer goes unconditional.

Irving yesterday noted, afler an examination of the King offer document, that Smith's directors' estimate of formula asset value had fallen to 42p on April 5 against 46p oo March 21. King had anticipated "a measure of reorganisation and some redundancies at board level and elsewhere," sbould its offer be successful. It also noted a fall in King's share price from 198p before the bid announcement to 190p oo Monday.

London Intl. buys French company

The London International Group, formerly LRC, bas purchased for FFr 40m (£3.8m) the Paris-based Wilco, which supplies pbotographic processing services by mail order.

The initial consideration is FFr 30m and will be met by a vendor placing of 1.28m shares at 219p each. It is intended that the further FFr 10m, due by April 1, 1989, will also be satisfied by an issue of shares.



UK COMPANY NEWS

ISSUE NEWS

Rosehaugh makes £59m cash call

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Rosehaugh, the property development and investment group, yesterday announced a £58.9m rights issue. The funds will be used to help finance the next phase of its rapidly expanding development programme.

The company, which has made a name for itself as one of the most successful and imaginative of UK developers, is proposing the issue of 12.19m ordinary shares at 500p a share, on the basis of one new share for every three held. Rosehaugh, where Mr Godfrey Bradman is chairman, said it was now appropriate to expand its financial base.

The move is intended to enable it to take advantage of new opportunities and provide greater flexibility in the financing and structuring of its existing investments and borrowing. The issue has been underwritten by S. G. Warburg and Rowe & Pitman are brokers.

The group also reported pre-tax profits of £1.61m for the six months ended December 1985, against £1.25m in the same period a year earlier. There is no interim dividend and the board expects to recommend a final on the increased share capital of at least 0.78p a share, the equivalent of the previous year.

Earnings per share in the first half reached 2.75p (1.96p) and profit attributable to shareholders totalled £1m (£718,000). Administrative and staff costs rose substantially to reflect the expanding programme, up from £1.09m to £1.78m.

Rosehaugh said it is continuing to make good progress with its existing projects and is actively looking for new opportunities. It has a number of office developments underway and several new schemes are under negotiation.

Construction of the first two phases of Broadgate, the City of London office project next to Liverpool Street station, is well advanced and the third and fourth phases will begin later this year.

The first phase of Broadgate is pre-let to Security Pacific and the second to Shearson Lehman, the financial services arm of American Express. Terms have been agreed with Union Bank of Switzerland and Phillips and Drew for the pre-letting of the 380,000 sq ft third phase. The first four phases comprise 1.1m sq ft of floor space and the group is now seeking outline planning permission for the development of an additional 1.5m sq ft on the Bishopsgate frontage to the site.

Rosehaugh is also developing the 73,000 sq ft net second phase of Finsbury Avenue and a third and final phase of 90,000 sq ft is expected to start early next year. It is also known to be examining the prospects for a major retail development in London's docklands.

Alumasc set for full listing

BY RICHARD TOMKINS

Alumasc, the Northamptonshire-based non-ferrous foundry which is Britain's biggest beer barrel maker, is coming to the stock market next month with an offer for sale likely to value at at £15m to £20m.

The company is a former subsidiary of Consolidated Gold Fields. Its management bought it out in June 1984 when Gold Fields decided to concentrate on mining.

Alumasc's most important activity by sales volume is making aluminium casks and kegs for beers and lagers. This division also makes beer dispensing equipment such as valves, taps and counter fitters.

There are three other divisions to the group. One makes aluminium building products such as rainwater guttering, another makes aluminium, plastic and brass components for original equipment manufacturers, and the third is Ingersoll Locks, a separate company which the management bought from Gold Fields at the same time as Alumasc.

Alumasc suffered a severe downturn in demand for its brewery industry products when beer drinking slumped in the recession. Since 1983 the market has stabilised and a widening of the range of beers has helped maintain demand for containers and dispensing equipment.

One of the reasons for the flotation is to raise funds to build a plant for making stainless steel beer kegs. These are not as strong as aluminium ones and have a lower residual value, but they are cheaper and are becoming the international standard.

Alumasc believes that by building the world's most advanced manufacturing plant it can become a major international supplier of stainless steel kegs and so restore its beer container manufacturing to faster growth.

Alumasc's components division was also a victim of the recession, but the group has turned it round by switching the emphasis to making precision components with higher added value, so increasing margins.

The building products division has grown rapidly in the past five years, mainly through the success of its aluminium rainwater guttering. Ingersoll has moved less quickly but Alumasc believes it has good potential and has installed a new managing director to exploit it.

Group profits have risen from a low of £872,000 in the recession year of 1983 to £2.4m for the year to June 1985 and the prospectus is likely to carry a forecast of around £2.7m for the current year.

Mr John McCall, chairman says the group's recovery has been engineered partly through vigorous cost-cutting and raising productivity, "but most important of all has been learning to live with change."

The offer for sale will raise about £7m of which about £2m will go to the company and the rest to existing shareholders — notably Barclays Industrial Investments, which backed the 1984 buy-out.

Ipeco share allotments decided by ballot

The offer for sale by Ipeco Holdings of 8.87m shares attracted 17,539 applications for a total of 114m shares.

Applications for between 200 and 4,500 shares will be subject to ballot—successful applicants for 200 shares will be allotted in full, those wanting 400 to 800 shares will get 400, while the 1,000 to 4,500 range will receive 600.

Applications for between 5,000 and 9,500 shares will be allotted 750; between 10,000 and 19,000 will receive 1,500, between 20,000 and 45,000 get 3,500, and between 50,000 and 95,000 come away with 5,000.

Those asking for 100,000 shares and more will receive 5 per cent of their application.

Renounceable letters of acceptance will be posted next Monday, and dealings are expected to start the following day.

EPIC places £11.5m of debenture stock

Estates Property Investment Company has placed £11.5m of 10 per cent first mortgage debenture stock 2001 at £98.146 per cent.

The price — giving a yield of 10.206 per cent — represents a margin of 1.25 per cent over 12¼ per cent Treasury 2004-08.

Around £7m of the money raised will be used to finance the acquisition of several head leasehold interests.

The issue has been underwritten by Baring Brothers. Brokers are Quilter Goodison.

Combined Lease for market with £24m tag

Combined Lease Finance, a six-year-old company leasing a wida range of equipment to business users, is to be floated on the stock market next week at a value of £24m.

The company's main activity is in leasing items such as cars, lorries, computers, plant and machinery costing up to £50,000.

CLF was founded by Mr Tony Barnes, its managing director, who says he foresaw in 1979 that changes in tax legislation would create an opportunity for a leasing company which did not depend on tax allowances.

He approached NCB Pensions Funds and in 1980 won the backing of its direct investment branch, CIN Industrial Investments, which became the majority shareholder. Mr David Prosser, CIN's chief executive, is CLF's chairman.

Pre-tax profits of CLF have risen from £30,000 in 1981 to £1.4m in 1985, but the group has never had enough taxable profits to take advantage of the accelerated tax benefits available through first-year allowances until last month.

It therefore believes it has the advantage over many other lessors because it is already experienced in producing non tax-based finance leases.

CLF recovers the cost of equipment, funding costs and profits from rental payments alone and unlike some lessors, does not realise any residual value in the equipment.

Some 5.17m shares are to be offered for sale at 125p each by N. M. Rothschild & Sons.

BASE LENDING RATES

ABN Bank	10½%	Grindlays Bank	‡10½%
Allied Dunbar & Co.	10½%	■ Guinness Mahon	10½%
Allied Irish Bank	10½%	■ Hambros Bank	10½%
American Express Bk.	10½%	Heritable & Gen. Trust	10½%
Amro Bank	10½%	■ Hill Samuel	§10½%
Henry Ansbacher	10½%	C. Hoare & Co	†10½%
Associates Cap. Corp.	11 %	Hongkong & Shanghai	10½%
Banco de Bilbao	11 %	Johnson Matthey Bkrs.	11 %
Bank Hapoalim	10½%	Knowsley & Co Ltd	11 %
Bank Leumi (UK)	11 %	Lloyds Bank	10½%
Bank Credit & Comm.	10½%	Edward Manson & Co.	11½%
Bank of Cyprus	10½%	Meghraj & Sons Ltd	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of India	10½%	■ Morgan Grenfell	10½%
Bank of Scotland	10½%	Mount Credit Corp Ltd	10½%
Banque Belge Ltd	10½%	National Bk. of Kuwait	10½%
Barclays Bank	10½%	National Girobank	10½%
Beneficial Trust Ltd	12 %	National Westminster	10½%
Brit. Bank of Mid. East	10½%	Northern Bank Ltd.	10½%
■ Brown Shipley	10½%	Norwich Gen. Trust	10½%
CL Bank Nederland	10½%	PK Finans. Intl. (UK)	12½%
Canada Permanent	10½%	Provincial Trust Ltd.	12½%
Cayzer Ltd	10½%	R. Raphael & Sons	10½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	10½%	Royal Bank of Scotland	10½%
Citibank NA	10½%	Royal Trust Co Canada	10½%
Citibank Savings	‡11.95%	Standard Chartered	10½%
City Merchants Bank	10½%	Trustee Savings Bank	10½%
Clydesdale Bank	11 %	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Westpac Banking Corp	10½%
Consolidated Credits	11½%	Whiteaway Laidlaw	11 %
Continental Trust Ltd.	10½%	Yorkshire Bank	10½%
Co-operative Bank	*10½%	■ Members of the Accepting Houses Committee.	
The Cyprus Popular Bk	10½%	* 7-day deposits 5.38%. 1-month 5.88%. Top Tier—£2,500+ at 3 months notice 8.72%. At call when £10,000+ remains deposited.	
Duncan Lawrie	10½%	† Call deposits £1,000 and over 6% gross.	
E. T. Trust	11 %	‡ Mortgage base rate.	
Exeter Trust Ltd.	11 %	§ Demand dep. 6.35%. Mortgage 12.25%.	
Financial & Gen. Sec.	10½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	11½%		

Company Notices

UK COMPANY NEWS

Bank of Scotland rises by 18% to over £95m

Bank of Scotland has increased full-year profits by just over 18 per cent to £95.2m, but has fallen slightly short of analysts' forecasts dua to a higber bad and doubtful debt charge, up from £37.5m to £41.2m.

Analysts had been expecting the Edinburgh-based clearer to produce a profit figure of around £98m, which itself was dnwngraded a shade from the £100m boped for at the beginning of the 1985-86 year.

Most of the increase in bad debt charges stemmed from the specific account which, the board says, "is disappointing and contrary to the slow underlying improvement we are seeing, but reflects in particular the problems being experienced by the shipping sector; the continuing growth in the group's portfolio of loans and leases is also an influence."

The bulk of the pre-tax improvement from 1984-85's £80.4m came from the parent bank, Bank of Scotland, which increased its contribution from £59.1m to £72.7m with higher returns from traditional branch operations, central banking services, personal financial services and the internatinnal side.

A slightly higher £4.3m, against £4.1m, was achieved by the merchant banking subsidiary, The British Linen Bank, while the finance bouse subsidiary, North West Securities, contributed £1m more at £18.2m.

As a percentage share of group profits Bank of Scotland accounted for 76.3 per cent, against 73.5 per cent. The British Linen Bank claimed 4.5 per cent, down from 5 per cent, and North West Securities' share fell from just over 21 per cent to a sbade over 19 per cent.

Earnings per share rose from an adjusted 41.3p to 46.1p and tbe final dividend has been lifted to 8.5p, making a total of 14p (same) compared with the minimum 12.6p forecast for the capital enlarged by last May's rights issue.

Interest and investment income receivable fnr the year to end-February 1986 grew by £82.9m to £907.1m while interest payable climbed by £49.5m to £659.6m, leaving net interest income 15.6 per cent ahead at £247.5m. Thia improvement, the directors state, was largely attributable to sterling activities where there was a material growth in lending business.

Retained profits were £32m (£26.9m) after tax, dividends and extraordinary charges at £5.2m (£0.5m).

Average serling lending expanded by 15.8 per cent, but average currency lending, bowever, was very similar in dollar terms and 4.6 per cent lower in sterling terms.

Total group advances at the year-end were £5.81bn, against £5.32bn a year earlier, net of bad and doubtful debts totalling £134.4m (£116.5m).

● comment

Bank of Scotland is aggressively seeking to boost its loan and leases portfolios but some of the problems of past lending in the shipping sector have come home to roost in the fnrm of the higber bad debt provision. The bank's balances have grown by 15.8 per cent, a faster rate than that averaged by the big four. BoS's capital base was expanded by last May's £81m rights plus $250m of undated lnan capital raised last year through the fashionable floating rate note. The capital gearing ratio of 9.4 per cent is generous—but perbaps the relative size of North West Securities tn the rest of the bank's activities makes the tban less in the resources till. The innovative bome banking scheme have implications for nverbead costs that will need to be faced sometime. Scotland not only contains fewer people willing to deposit interest-free money with a bank than England, it is also considered over-branched. For 1986-87, the forecasts are for £110m assuming no further rises in bad debt provisions. The shares at 418p seem well up with events.

Gleeson profits advance by 20%

NON-TRADING income continues to play an important part in the profits of M. J. Gleeson Group, the Surrey-based construction and property investment company. In the six months to the end of December 1985 from taxable profits up by 20 per cent from £2.06m to £2.46m, rent and interest received accounted for £1.09m, up from £1.05m last time.

Turnover rose by 15 per cent from £30.73m to £35.27m, similar to the level achieved in the first half of 1983-84. Trading profit came out at £1.37m, against £1.01m.

The tax charge was £1m (£950,000), leaving earnings per 10p share at 14.63p (11.09p). The interim payment is being increased from 1.5p to 1.65p. Last year there was a total payment of 5.37p on pre-tax profits of £5.03m.

Directors say that the profits included good results from the residential estates division and there was also a benefit from improved control of overheads in the restructured contracting divisions, which achieved higher turnover in difficult market conditions.

Rents received were £47,000 bigher at £554,000 while interest received fell by £6,000 to £536,000.

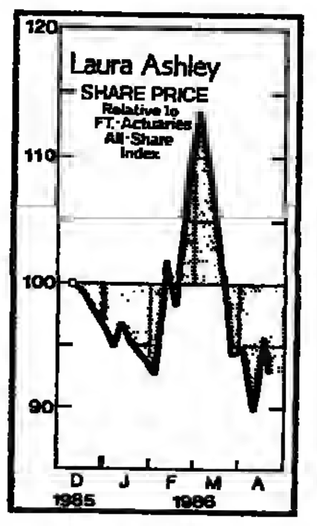
Directors say that in the full year group turnover should be more than £70m compared with £60.9m last time and similar to that achieved in the previous year. Trading profit, they add, should compare favoorably with that of 1984-85 and non-trading income should be similar to last year's £2.36m with lower interest receipts being compensated by higher rental income.

New lettings during the present period has increased the rent roll from property investments to £1.3m. A professional revaluation will be incorporated in the balance sheet at the end of the year.

Directors say that it is too early to predict turnover for next year, but the planned acceleration of the group's residential estates development programme is expected to gather momentum. They add that there is a good prospect of further lettings and a resulting increase in rental income.

Laura Ashley profit £1m above forecast at £18m

Laura Ashley Holdings, the design, clothing and furnishing group, which was floated onto the market through an offer for sale late last year, turned in taxable profits 27 per cent above the previous year and £1m above forecast.



For the year ended January 25 1986 sales expanded by 36 per cent from £96.45m to £131.51m and the pre-tax figure amounted to £17.96m. This is compared with a forecast of not less than £17m in last November's prospectus, and £14.14m for the previous 12 months.

After tax of £6.42m (£5.34m) earnings are shown as 6.29p (4.89p) per 5p share. There is a 1p dividend for the period, against a forecast of 0.945p.

The directors say there are major opportunities for expansion in each of the company's markets and the current year will see a "significant shop opening programme in the UK, North America, Europe, Australia and Japan."

They add that expansion plans are based on continuing opportunities for the organic growth of the shop chains, a further widening of product ranges, and expanding into other similar activities.

The UK retail division increased sales by 41 per cent and 15 shops were opened, including the 12,500 sq ft flagship at Oxford Circus, London.

The retail division in North America—the US and Canada—had an "excellent year" with dollar sales up by 42 per cent. A total of 24 additional shops were opened during the year including a flagship at 57th Street, New York.

Sales in the Continental Europe sector rose by 18 per cent and six shops were opened—four in Germany and two in France. Since the year end a flagship has opened at Rue St Honore in Paris, and results of early trading are encouraging, the directors state.

Below the line there was an extraordinary credit of £1.77m (nil) representing interest received one share application funds, net of tax, which made the attributable balance ahead from £8.81m to £13.32m. The dividend will absorb £2m.

● comment

Laura Ashley was fated never to live up to the hype of its flotation. The share price has risen steadily since the placing, although first the stags and then the profit-takers have baled out in droves, whittling the number of shareholders down from 45,000 to 35,000. Yesterday's profit-takers — who drove the shares down by 4p to 204p — were remarkably myopic. Laura Ashley has spent the last three years rectifying the errors of the early 1980s and the benefits are about to filter through. In Europe, for example, after three years of restructuring the retail division is poised to return to profitability this year. In the UK, where margins have suffered from the parallel pressures of increased credit card usage and the concentration of store openings towards the end of the year, the introduction of Laura Ashley's own charge card last September and a clutch of openings earlier in the year should produce some improvement. In the US the benefits of plumper margins, cheaper store openings and premium pricing balance out the adverse effects of dollar exchange rates, which wiped £500,000 off the 1985-86 results. Although in the longer term the threat of protectionist legislation may force Laura Ashley to invest in a US production plant, posibly paired with a Wall Street quotation. For 1986-87 projected profits of £25m would produce a p/e of 25 which is unlikely to increase given the quixotic mood of the market.

UK COMPANY NEWS

Bramall up to £3.3m as Manor National recovers

C. D. Bramall, the Bradford-based Ford main dealer, has lifted its pre-tax profit from £2.68m to £3.3m in 1985.

In May of last year it acquired the Manchester-based Ford and Austin Rover dealer, Manor National. This produced a profit of £280,000 for the year, compared to a £1.3m loss, including extraordinary debits of £10,000 (£388,000), and figures are included from the date of purchase.

The Bramall directors say group budgets show a healthy increase for 1986. The integration of Manor National continues smoothly and an improved profit contribution is already showing.

Turnover rose 68 per cent to £102.62m and gross profit by 57 per cent to £15.85m. The slight increase in the new vehicle market enabled the company to obtain better profit levels from new car sales.

Used car sales and commercials continue to be a major part of profits: in the year the company sold over 18,000 new and used cars and almost 3,000 new and used commercials.

Sales and profits from service and parts contribute well over 50 per cent of total dealership profits. The contract hire, leasing and hire purchase companies lifted their profit level by 60 per cent.

Pre-tax profit was struck after heavier interest charges of £1.77m (£1.07m). Tax takes £1.23m (£1.34m) to leave the net profit at £2.08m (£1.44m) for earnings of 37.5p (27.3p) per share. Taking in extraordinary credits of £92,000 (£214,000) pushes the earnings up to 39.2p (31.4p).

The final dividend is 5.17p for a net total of 7.77p, compared with 6.7p paid in 1984.

Separate figures are given for Nationel Manor in respect of the year. They show that turnover came to £54.82m (£62.47m) and gross profit to £7.36m (£8.64m). There was an operating profit of £890,000 (loss £28,000) from which is deducted interest charged of £600,000 (£890,000), to leave the pre-tax balance at £290,000 (loss £918,000).

Second half recovery at Scott & Robertson

Scott & Robertson, maker and merchant of polythene and polypropylene packaging products, has more than made up the short-fall of the first half and produced a pre-tax profit of £1.11m for 1985, against £1.02m.

At halfway, the profit was down to £402,000 (£556,000). Some adverse affect had been expected by Anaplast's move to a new factory, and this was aggravated by certain operating factors outside the company's control. In the third quarter however, margins were improving and production and sales increasing.

Turnover for the year came to £19.82m (£19.64m) and the operating profit to £1.35m (£1.18m). Employee share scheme takes £113,000 (£103,000) and interest charges are doubled to £121,000.

The final dividend is 1.8p for a net total of 2.7p, against 2.5p. Tax charge was £256,000 (£150,000) and minority £14,000 (£20,000) to leave an attributable profit of £842,000 (£847,000) and earnings of 11.74p (11.86p). In 1984 there were also extraordinary charges of £176,000.

Cannon Street Inv. tops forecast with £939,000

Cannon Street Investments has turned in a pre-tax profit of £939,000 for 1985, against a minimum £900,000 forecast and £373,000 earned in 1984.

The company came to the USM last July. In January it made a rights issue to raise £3.2m and the profit forecast accompanied that. The directors said there would be no final dividend—therefore, the 1.5p net interim stands as the year's total.

The company became a victim of the secondary banking crisis of 1974, and was rescued by National Westminster Bank which converted large outstanding loans into equity. In a management buy-out NatWest accepted in respect of its 63 per cent shareholding.

The company's investments are principally in unlisted companies trading in laboratory equipment, food and gift hampers, and horticultural products. In October last it moved into radiator shelves and frozen food wholesaling, and in January acquired a food distributor.

The directors say all companies are operating at or above their individual profit plans, and the prospects for 1986 are encouraging.

Turnover in 1985 rose from £13.79m to £16.45m. There is a tax credit of £13,000 (charge £10,000) to give earnings of 5p (3.25p) basic and 6.3p fully diluted.

There are extraordinary debits of £196,000 (£39,000) being costs

Paul Michael falls into red

A very poor year for Paul Michael Leisurewear saw the USM-quoted footwear and knitwear group run up a 1985 pre-tax loss of £54,000, against a £297,500 profit previously. All subsidiaries, except footwear manufacturing, incurred losses.

The footwear importing side lost over £100,000 and the outlook for this year is described as "exceptionally bleak" with the prospect of increased losses. As a result, the company is to close its main importing subsidiary, Louis Israel (Footwear).

There is no dividend (1.25p net in 1984). Turnover fell from £7.45m to £5.87m and loss per 5p share was 0.4p (2.3p earnings).

Newarthill

Newarthill is the quoted parent company associated with Sir Robert McAlpine's building and civil engineering group and is not connected with Sir Alfred McAlpine as reported on Monday. Sir Robert McAlpine & Sons is a subsidiary of Newarthill.

Securities Tst. improvement

Securities Trust of Scotland reported 1985-86 net asset value up from 153.6p to 206.7p after prior charges at par, or from 157.2p to 206.3p after charges at market value.

After-tax revenue increased from £3.46m to £4.45m for the year to March 31, 1986. Earnings per 25p share were 5.44p (4.21p) and a final dividend of 3.4p net makes a total of 5p (4p). A one-for-one scrip issue is also proposed.

Referring to income, the directors say there has been a satisfactory start to the curent year and they expect to increase the dividend by at least 10 per cent in 1986-87.

R. Smallshaw second half lift

Second half taxable profits of R. Smallshaw (Knitwear), manufacturer of knitted outerwear, expanded from £160,000 to £276,000 and lifted the full 1985 year figure, to £411,000, compared with £310,000 previously.

After tax of £136,000 against £89,000 earnings per 10p share are given as 11.017p (8.855p), while the dividend is stepped up to 2.75p (2.5p) net with a final payment of 2p.

At the interim stage the directors blamed the shortage of orders for the drop in profits but they said the second half would be much improved with an increase in profits for the whole year.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP Telephone 01-621 1212

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	132	—	7.3	5.5	8.1	7.5
161	121	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
75	43	Airsprung Group	73	—	8.4	8.8	12.2	15.9
46	30	Armitage and Rhodes	30	—	4.3	14.3	3.7	4.5
177	108	Bardon Hill	170	—	4.0	2.4	21.5	22.4
64	42	Bray Technologies	61xd	—	4.3	7.0	7.2	6.6
201	136	CCL Ordinary	138	—	12.0	8.7	3.4	3.2
152	97	CCL 11pc Conv. Pref.	99	—	15.7	15.8	—	—
150	80	Carborundum Ord.	145	—	9.1	6.3	7.0	7.2
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.8	—	—
65	46	Deborah Services	56	—	7.0	12.5	5.8	7.7
32	20	Frederick Parker Group	23	+1	—	—	—	—
112	50	George Blair	110	—	—	—	4.8	8.1
68	20	Ind. Precision Castings	59	—	3.0	5.1	15.8	13.0
218	155	Isis Group	156	−1	15.0	9.7	11.9	17.8
122	101	Jackson Group	120	−1	5.5	4.6	8.1	8.1
345	228	James Burrough	331	−2	15.0	4.5	10.4	10.4
98	86	James Burrough 9pc Pf.	97	—	12.9	13.3	—	—
95	56	John Howard and Co.	56	—	8.0	8.9	4.4	7.0
1330	670	Minihouse Holding NV	1330	—	8.7	0.7	44.0	52.1
82	32	Robert Jenkins	69	−1	—	—	9.0	19.7
34	28	Scruttons "A"	30	—	—	—	—	7.7
87	66	Torday and Carlisle	69	—	5.0	7.2	3.5	6.3
370	320	Trevian Holdings	320	—	7.9	2.5	6.7	8.8
53	25	Unilock Holdings	52	—	2.1	4.0	14.1	13.8
176	93	Walter Alexander	175	—	8.6	4.9	8.9	12.1
226	195	W. S. Yeates	199	−1	17.4	8.7	5.7	9.8

NOTICE OF REDEMPTION

To the Holders of

General Mills, Inc.

U.S. $100,000,000 12% Notes, Series A, due December 19, 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1984 between the Company and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 4(a) of the Terms and Conditions of the Notes, the Company has elected to redeem on May 15, 1986 U.S. $7,975,000 principal amount of the Notes (the "Redemption Notes") at a redemption price equal to 101% of the principal amount thereof, together with accrued interest to said date, in the amount of U.S. $243.33 for each U.S. $5,000 principal amount and U.S. $486.67 for each U.S. $10,000 principal amount as follows:

OUTSTANDING NOTES OF $5,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

14	411	783	1156	1464	1800	2096	2456	2767	3143	3496	3794	4144	4533	4808	5143	5461	5766	6017	6351	6655	7005	7332	7665
36	421	796	1158	1469	1805	2111	2472	2783	3157	3506	3799	4147	4535	4809	5159	5464	5771	6020	6354	6656	7031	7340	7681
50	424	802	1159	1470	1807	2117	2501	2796	3160	3508	3802	4167	4538	4825	5165	5478	5778	6025	6362	6674	7034	7341	7691
52	437	819	1172	1490	1813	2124	2510	2814	3167	3511	3808	4190	4540	4827	5177	5493	5785	6052	6369	6682	7048	7349	7695
62	450	827	1179	1493	1822	2131	2518	2827	3170	3521	3813	4197	4552	4848	5178	5497	5787	6060	6370	6687	7070	7360	7696
68	472	839	1181	1507	1833	2140	2520	2828	3187	3524	3835	4198	4556	4864	5180	5499	5788	6074	6372	6700	7075	7380	7702
74	477	840	1182	1513	1849	2167	2521	2831	3192	3535	3840	4199	4559	4868	5194	5502	5790	6082	6386	6701	7077	7401	7729
84	489	851	1186	1523	1856	2168	2528	2850	3196	3541	3849	4203	4563	4869	5202	5513	5798	6094	6387	6703	7087	7405	7737
89	497	870	1189	1528	1859	2205	2530	2851	3197	3547	3864	4210	4565	4883	5203	5520	5820	6099	6420	6724	7098	7416	7754
98	501	874	1197	1532	1865	2209	2551	2856	3202	3554	3866	4211	4566	4891	5211	5523	5829	6100	6428	6737	7109	7423	7756
111	519	877	1203	1540	1883	2216	2552	2858	3216	3557	3867	4219	4573	4893	5213	5527	5830	6107	6439	6741	7113	7434	7764
117	521	879	1217	1541	1890	2217	2564	2862	3219	3567	3894	4221	4575	4902	5214	5534	5833	6124	6446	6749	7123	7439	7772
122	522	885	1221	1545	1891	2219	2585	2867	3223	3571	3896	4225	4579	4930	5221	5545	5843	6130	6449	6762	7124	7444	7773
131	525	888	1222	1547	1895	2227	2592	2901	3242	3572	3901	4247	4581	4948	5229	5555	5858	6133	6454	6765	7127	7445	7776
132	531	890	1235	1549	1897	2229	2593	2906	3243	3582	3911	4256	4592	4951	5255	5570	5860	6148	6456	6774	7138	7457	7778
144	548	893	1244	1551	1902	2237	2595	2914	3246	3583	3918	4260	4604	4957	5261	5571	5867	6159	6462	6783	7166	7461	7801
161	555	904	1254	1554	1918	2255	2598	2918	3249	3588	3925	4268	4605	4963	5266	5572	5876	6164	6469	6798	7170	7470	7824
170	559	907	1260	1556	1922	2257	2599	2927	3252	3617	3929	4310	4606	4966	5285	5573	5878	6190	6498	6811	7171	7480	7825
178	560	934	1264	1565	1925	2275	2601	2935	3254	3638	3945	4327	4608	4971	5292	5582	5880	6202	6519	6815	7172	7491	7828
179	561	936	1268	1602	1942	2290	2603	2940	3258	3650	3985	4339	4610	4990	5294	5601	5884	6203	6522	6832	7181	7495	7850
188	565	956	1284	1607	1943	2297	2620	2942	3262	3655	3992	4345	4625	4993	5297	5618	5887	6207	6527	6859	7190	7498	7859
191	609	961	1315	1612	1945	2304	2622	2955	3276	3661	3996	4359	4648	5001	5311	5623	5916	6211	6528	6866	7212	7500	7863
200	610	966	1321	1625	1951	2323	2627	2978	3278	3676	4003	4370	4665	5005	5312	5643	5925	6212	6531	6868	7218	7517	7866
204	616	970	1322	1638	1952	2324	2628	2991	3315	3683	4017	4387	4675	5013	5315	5655	5932	6227	6532	6871	7219	7522	7873
216	631	1004	1330	1639	1958	2328	2635	2996	3317	3690	4034	4392	4676	5024	5316	5657	5939	6229	6536	6877	7231	7528	7883
220	661	1009	1331	1645	1964	2329	2648	2998	3323	3696	4035	4399	4692	5035	5335	5666	5943	6233	6543	6882	7241	7534	7900
240	664	1025	1339	1654	1967	2340	2653	3004	3330	3705	4037	4401	4694	5037	5338	5671	5947	6234	6551	6884	7245	7536	7902
256	672	1030	1340	1655	1982	2363	2656	3010	3335	3708	4048	4402	4701	5068	5348	5677	5950	6241	6563	6888	7246	7552	7913
276	679	1034	1342	1665	1986	2364	2658	3022	3356	3710	4051	4408	4707	5069	5349	5683	5955	6244	6569	6896	7257	7563	7917
281	683	1035	1355	1673	1987	2374	2663	3027	3378	3712	4054	4421	4710	5077	5354	5684	5962	6263	6574	6904	7263	7581	7929
282	690	1043	1356	1710	1995	2382	2671	3043	3384	3726	4068	4436	4711	5090	5377	5691	5969	6267	6589	6914	7268	7585	7940
283	702	1056	1358	1711	2020	2385	2678	3048	3389	3729	4069	4445	4745	5105	5391	5694	5972	6271	6590	6922	7273	7599	7941
319	720	1071	1368	1718	2026	2401	2687	3049	3409	3731	4075	4449	4755	5110	5407	5710	5975	6286	6596	6927	7289	7601	7960
327	721	1083	1373	1759	2027	2404	2693	3086	3411	3764	4095	4462	4756	5117	5409	5711	5989	6302	6632	6945	7301	7602	7964
335	724	1096	1374	1760	2036	2414	2694	3088	3413	3770	4096	4468	4765	5119	5410	5726	5990	6305	6639	6950	7313	7603	7967
352	742	1103	1383	1776	2038	2415	2706	3100	3440	3773	4097	4485	4775	5121	5424	5731	5993	6309	6641	6957	7318	7605	7982
360	753	1104	1392	1781	2051	2426	2710	3113	3443	3776	4100	4494	4776	5128	5430	5744	6005	6313	6642	6961	7321	7610	7987
378	760	1109	1415	1787	2052	2437	2740	3116	3455	3778	4111	4526	4782	5129	5431	5752	6009	6316	6644	6968	7325	7624	
386	766	1112	1430	1792	2054	2439	2750	3128	3463	3787	4114	4527	4805	5136	5452	5763	6011	6321	6646	6996	7327	7654	
408	767	1150	1435	1796	2086	2445	2762	3139	3476	3789	4123	4529	4807	5138	5456	5764	6012	6332	6648	6997	7330	7663	

OUTSTANDING NOTES OF $10,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

18	342	628	936	1228	1457	1771	1986	2183	2399	2741	2936	3154	3509	3678	4044	4271	4515	4773	4953	5256	5498	5765
32	381	633	946	1246	1479	1792	1987	2196	2453	2761	2951	3197	3512	3705	4052	4303	4516	4782	4973	5259	5517	5793
61	390	643	972	1262	1497	1821	1995	2205	2462	2773	2962	3211	3516	3766	4055	4313	4538	4796	4978	5280	5537	5794
78	400	655	978	1275	1529	1846	2050	2218	2492	2778	2967	3253	3522	3776	4066	4315	4557	4798	4984	5288	5552	5806
87	432	671	1020	1281	1550	1882	2051	2226	2514	2806	3045	3280	3530	3823	4077	4320	4571	4829	5027	5313	5584	5845
93	453	728	1023	1293	1606	1892	2066	2248	2517	2808	3047	3290	3531	3839	4088	4337	4629	4834	5057	5319	5600	5854
105	464	737	1048	1308	1617	1898	2068	2257	2564	2813	3048	3307	3537	3866	4095	4357	4631	4835	5075	5361	5611	5897
189	484	739	1078	1314	1621	1905	2074	2261	2584	2837	3051	3322	3563	3883	4099	4373	4636	4848	5082	5401	5618	5918
193	523	764	1087	1354	1653	1913	2114	2274	2590	2843	3063	3347	3569	3897	4112	4401	4664	4864	5100	5410	5637	5919
200	527	833	1089	1360	1670	1925	2131	2295	2594	2847	3067	3350	3588	3900	4130	4424	4674	4878	5114	5413	5702	5958
221	573	852	1124	1376	1695	1931	2141	2304	2628	2851	3070	3351	3646	3915	4155	4430	4698	4898	5168	5435	5708	5973
283	598	905	1134	1421	1726	1942	2159	2337	2645	2880	3077	3434	3652	3971	4214	4432	4702	4932	5200	5467	5717	
290	617	911	1161	1433	1737	1961	2160	2369	2651	2893	3151	3458	3671	4011	4250	4483	4706	4937	5218	5480	5744	
324	620	918	1201	1448	1749	1985	2168	2381	2725	2926	3161	3480	3676	4023	4256	4493	4739	4940	5240	5493	5747	

Payment will be made, subject to applicable laws and regulations, in U.S. dollars on and after May 15, 1986 upon presentation and surrender of the Redemption Notes with coupons due December 19, 1986 and subsequent coupons attached, failing which, the amount of missing unmatured interest coupons will be deducted from the sum due for payment and paid in the manner set forth in the Terms and Conditions of the Notes against surrender of the related missing interest coupons within the period of time prescribed by the applicable statute of limitations, at the main offices of the Fiscal Agent in London, Brussels, Frankfurt am Main, Paris and Tokyo, the main office of Amsterdam-Rotterdam Bank N.V. in Amsterdam, the main office of Swiss Bank Corporation in Basle and the main office of Kredietbank S.A. Luxembourgeoise, in Luxembourg. Payments at said offices will be made by a United States dollar check drawn on a bank located in The City of New York, or by transfer to a dollar account maintained by the payee with a bank in London. No payment on any Bearer Note will be made at the Corporate Trust Office of the Fiscal Agent or any other Paying Agency maintained by the Company in the United States nor, except as otherwise permitted by U.S. Treasury Regulations without adverse tax consequences, will any payment be made by transfer to an account maintained by the payee in, or by mail to an address in, the United States.

From and after May 15, 1986, the Redemption Notes will no longer be outstanding and interest thereon shall cease to accrue. U.S. $35,800,000 principal amount of Notes will remain outstanding after the redemption.

It is suggested that each holder consult his own tax advisor concerning his particular tax situation.

Any payments made to an address in the United States, directly or by electronic transfer, may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients fail to provide a Paying Agent with an executed IRS Form W-8 in the case of non-U.S. persons or an executed IRS Form W-9 in the case of U.S. persons.

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide to a Paying Agent listed above, and certify under penalties of perjury, a correct taxpayer identification number (employer identification number or social security number, as appropriate), or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of $50 imposed by the IRS. Please therefore provide the appropriate certification when presenting your securities for payment.

GENERAL MILLS, INC.

DATED: April 14, 1986

APPOINTMENTS

Reorganisation at Amersham

AMERSHAM INTERNATIONAL has made changes to its top management from May 1. The present three business divisions become five: clinical reagents, pharmaceuticals, molecular biology, biomedical and industrial. Each division will be headed by a general manager and there will be four new appointments at this level: Dr Geoffrey Sheppard, clinical reagents; Dr John R. Ogle, pharmaceuticals; Dr Sandy B. Primrose, molecular biology; Dr Michael H. Barnes, biomedical. The industrial division will continue to be managed by Dr Kenneth H. Ansell, its existing general manager. Dr John C. Maynard, director in charge of research products division, becomes director, operations and will now be the main board director with responsibility for all five business divisions. Mr Jack L. Castello, director in charge of medical products division, who has been on secondment from Amersham's US subsidiary, has completed his assignment and plans to leave Amersham to pursue a separate career in his native country. He will not be seeking re-election to the board at the annual meeting in August, but will continue as group controller, corporate development. Another senior executive appointment is that of Mr Edward L. Erickson to general manager, operations within the international group. This is a new appointment, adding central support and co-ordination under Mr Alistair M. Hamilton, the main board director responsible for international activities.

*

Mr D. J. Macfarlane has joined ASHURST, MORRIS, CRISP as a partner. Mr C. J. Ashworth, Mr D. R. Kershaw, Mr A. W. N. Kitchin and Mr J. A. Sultoon, who were previously associates, have also joined the partnership.

*

The HERMES JOINERY board has been reconstructed as follows: Mr K. T. C. Gutteridge, executive chairman; Mr K. Barnsley, managing director; and Mr M. R. Benton, works director. Following the Finnish banking group Kansallis-Osake-Pankki taking an equity interest, Mr Ross Tanner, a senior manager of KOP London branch, is to join the board as a non-executive director. Mr Gutteridge and Mr Barnsley have also joined the board of the subsidiary, Reeves Joinery.

*

NORTON ROSE BOTTERELL & ROCHE will admit Mr Nicholas d'Arcy Mason, Mr Nicholas Edgell, Ms Valerie Davies, Ms Margaret Coltman and Mr Robert Mitchell to the partnership on May 1.

*

Mr Paul J. Harbard has been appointed to the board of ANGLIA SECURE HOMES. Mr Harbard, who joined last year as financial controller, now joins the board as finance director.

*

Mr Stuart Garner, editorial director of Eastern Counties Newspapers, has been appointed a member of the parent board of EASTERN COUNTIES NEWSPAPERS GROUP.

*

Changes are taking place at BRECKNELL WILLIS: Mr Kenneth McQueen resigns as managing director to take up a new overseas appointment in Singapore at managing director, Fandstan Electric Asia. He is replaced by Mr Tony Hobbs who moves to managing director from his position as technical director. Mr Martin Spencer, sales director, becomes deputy managing director, with particular responsibilities for sales and contracts. Mr Lawrence Durrans, director and general manager, becomes director special projects. Mr Philip Pidgeon moves from financial director to the new position of group financial controller, Fandstan Electric. Brecknell Willis is a subsidiary of Fandstan Electric.

*

Following TILBURY GROUP'S acquisition of West's Group International, Mr Alan Pendleton and Mr Geoffrey Butterworth, both directors of West's, have joined the board of Tilbury Group.

*

THE NATIONAL COAL BOARD has appointed Mr Seth Medley head of its finance department. In 1968 Mr Medley joined the board's London headquarters as deputy treasurer. He was appointed chief planning accountant in 1971 and director of management accounting in 1978. He became deputy director general of finance in 1981.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1985							
1st qtr.	106.4	103.0	106	113.4	133.9	3,138	153.6
2nd qtr.	108.4	103.8	109	115.0	141.4	3,174	161.7
3rd qtr.	108.4	103.7	101	116.3	145.2	3,179	164.4
4th qtr.	108.6	103.8	98	116.6	177.7	3,174	168.2
August	108.1	104.1	102	117.5	145.4	3,183	162.9
September	109.4	103.8	102	115.6	143.7	3,179	167.2
October	108.3	103.1	91	115.0	149.8	3,173	172.6
November	109.9	104.0	99	117.4	164.8	3,167	170.0
December	107.8	104.4	103	117.3	210.4	3,184	162.1
1986							
January	108.3	102.6		117.0	145.6	3,205	159.7
February	110.1	103.3		117.2	140.9	3,216	165.0
March				119.4		3,198	169.0

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
1st qtr.	103.1	102.5	109.7	103.7	110.2	99.6	13.8
2nd qtr.	103.2	104.4	112.8	104.7	115.9	100.3	18.6
3rd qtr.	104.8	102.0	113.2	103.3	114.7	103.3	17.1
4th qtr.	104.6	103.4	113.1	103.8	111.0	103.9	15.6
August	105.3	102.4	112.2	104.0	116.0	104.0	15.6
September	105.2	102.1	114.9	104.0	114.0	103.0	17.4
October	103.5	102.5	113.5	103.0	111.0	103.0	19.6
November	105.1	102.9	115.7	103.0	112.0	106.0	16.4
December	105.2	104.9	110.2	105.0	109.0	103.0	10.8
1986							
January	102.8	101.2	114.3	102.0	109.0	102.0	14.4
February	104.1	100.7	117.4	102.0	112.0	104.0	12.0

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import value	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1985							
1st qtr.	118.6	126.6	−1,266	−374	+1,958	96.1	13.53
2nd qtr.	120.5	124.8	−124	+1,383	+2,411	97.8	14.32
3rd qtr.	116.3	124.1	−453	+1,072	+1,900	100.2	14.18
4th qtr.	118.9	127.4	−225	+921	+1,893	101.6	15.54
July	117.9	126.1	−77	+309	+585	99.1	14.26
August	114.4	122.7	−167	+342	+653	100.8	14.26
September	116.7	123.6	−87	+421	+662	100.6	14.18
October	118.8	125.0	+7	+334	+754	101.0	16.31
November	118.5	129.5	−214	+112	+649	102.1	15.98
December	119.4	127.8	−18	+475	+491	101.7	15.54
1986							
January	118.1	119.9	+140	+1,140	+997	101.7	15.60
February	120.7	125.5	−338	+262	+685	100.7	15.80
March							16.25

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending† £m	Base rate %
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,109	13.50
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,082	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,374	11.50
4th qtr.	1.4	25.1	17.8	17.7	2,299	3,431	11.50
July	4.4	19.1	8.3	16.8	650	1,121	11.50
August	2.4	22.9	14.4	21.8	524	1,121	11.50
September	1.1	5.2	12.3	14.1	597	1,132	11.50
October	1.5	24.9	19.8	18.7	796	1,144	11.50
November	3.0	21.5	20.4	17.6	638	1,095	11.50
December	2.7	29.1	14.2	17.0	865	1,192	11.50
1986							
1st qtr.	6.5	9.0	10.7	12.2	2,220		11.50
January	9.8	14.6	11.1	11.4	770	2,764	12.50
February	4.6	5.2	6.8	9.1	793	2,356	12.50
March	5.1	8.2	14.3	16.4	657		11.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade-weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1985							
2nd qtr.	170.3	136.8	139.4	375.3	339.4	278.13	78.9
3rd qtr.	174.4	133.1	140.2	376.3	335.5	251.12	82.2
4th qtr.	176.9	132.6	141.4	378.1	337.4	n/a	79.8
August	173.4	132.8	140.1	376.7	335.3	254.34	81.6
September	176.1	132.7	140.6	376.5	335.8	251.12	81.4
October	173.9	134.7	141.0	377.1	335.5	249.46	80.4
November	176.8	132.1	141.5	378.4	337.4	n/a	80.0
December	180.0	134.7	141.9	378.9	339.4	n/a	79.1
1986							
1st qtr		133.0	143.6	380.8	343.3	n/a	75.1
January	177.0	135.2	142.8	379.7	341.1	n/a	76.6
February		133.9	143.5	381.1	343.6	n/a	74.2
March		129.8	144.4	381.6	345.2	n/a	74.6

* Not seasonally adjusted.
† From Jan. 1986 includes amounts outstanding on credit cards.

Moët·Hennessy

MOET-HENNESSY REPORTS 1985 NET INCOME INCREASE OF 27%

Moët-Hennessy reports 1985 net income of 696 million French Francs, up 27% from 1984 results of 547 million French Francs. Sales in 1985 totalled 7,689 million French Francs, a 12% increase over 1984 sales of 6,841 million French Francs. When converted to U.S. dollars at the December 31, 1985 rate of 7.56 French Francs to the dollar, 1985 results translate to sales of $1,017 million and net income of $92 million.

Primary earnings per share are 113.52 French Francs or $15.02.

At the June 6, 1986 shareholders' meeting a dividend of 23 French Francs per share (34.50 French Francs including the tax credit) will be proposed. Since this dividend will be paid on new shares created by the one-for-five stock split effected in the form of stock dividend of February 13, 1986, it represents a 20% increase.

Mr. Alain Chevalier, Chairman and Chief Executive Officer, said: "All segments contributed to the profitability improvement. Our policy of hedging foreign currency exposure together with a reduction in interest expense-net (down to 3.2% of sales in 1985 from 4.2% in 1984) also contributed to earnings. In the first quarter of 1986 most operations have achieved good increases in volume shipped, particularly in exports. This achievement is not matched by sales which are up 1% over the same period in 1985. Since the dollar was at an exceptionally high level during the first quarter of 1985 and declined thereafter, this sales increase should not be representative for the whole year."

"Moët-Hennessy," Mr. Chevalier explained, "will continue to cover its currency exposure through forward hedging to moderate the impact of the dollar's decline. After three years of exceptionally strong growth, the group sales increase expected for 1986 will be more moderate."

In the champagne and wines segment, income before income taxes and minority interests increased 22% in 1985 to 671 million French Francs, while sales increased 10% to 3,391 million French Francs. Shipments of champagne were maintained at the same level as 1984 because of the limited 1985 harvest. Margins, however, improved compensating for restricted volume.

The cognac and spirits segment reported income before income taxes and minority interests of 644 million French Francs, an increase of 30% over the prior year. Sales increased 15% to 2,457 million French Francs. The volume of cognac shipped was up by 8.5% confirming Hennessy's leadership in the industry.

The perfumes and beauty products segment reported income before income taxes and minority interests of 250 million French Francs, a 19% improvement over 1984. Sales increased 13% to 1,719 million French Francs. Within this segment, Parfums Christian Dior reported a sales increase of 16%, largely due to the success of its new fragrance, Poison. As planned, Laboratoires RoC recovered in 1985 achieving break-even.

In the horticulture segment, where Armstrong Roses of California increased sales by 16%, losses before income taxes and minority interests were reduced to 37 million French Francs from 78 million in 1984, in line with the three-year turnaround plan. A return to profitability should be achieved during the 1986/1987 season. Moët-Hennessy will increase its holding in Delbard, the French horticulture group, from 34% to 66% on July 1, 1986.

Mr. Chevalier said: "1986 will be notable for expansion of Parfums Christian Dior. In particular, Poison, the new Christian Dior fragrance, will be introduced in Japan in May and in the United States later this year."

Moët-Hennessy recently purchased a holding of 8.2% in Compagnie Luxembourgeoise de Télédiffusion (C.L.T.), the Luxembourg-based broadcasting group, which manages radio and television stations well-known in Europe under the name RTL. This company is destined to play a major role in European audio-visual communications in coming years.

Moët-Hennessy is an international company engaged in the worldwide production and distribution of prestige consumer products. Its well-known brands include: Moët & Chandon and Dom Perignon champagnes, Hennessy cognac and Christian Dior perfumes and cosmetics. In the United States, the largest geographic segment outside France, the company's operations are owned by Moët-Hennessy U.S. Corporation. Operations include New York-based Schieffelin & Co., a leading importer and distributor of wines and spirits, the Domaine Chandon and Simi Wineries in California, Armstrong Roses and a controlling interest in Christian Dior Perfumes.

Moët-Hennessy shares are listed on the Paris Bourse. The most recent share price quoted on the Paris Bourse was 2,480 French Francs. This is the equivalent of $336 at the April 14, 1986 exchange rate of 7.38 French Francs to the dollar.

Paris, April 14, 1986

International Appointments

DSM seeks an

Experienced Business Research Specialist

for Energy Marketing

DSM is one of the large chemical industries in Europe. In addition to its chemical operations, DSM is closely involved in the production, distribution, purchase and sale of Dutch natural gas.

As trustee of the State, DSM-Aardgas BV participates in the recovery of oil and gas in the Netherlands. Its 40% share in Gasunie reflects DSM's involvement in gas marketing.

Duties

The duties of this specialist will comprise:

- obtaining and updating of a well-founded insight into the West European gas market;
- *communicating within DSM-Aardgas BV* and with the other partners within Gasunie to validate and transmit the knowledge obtained;
- formulating an opinion on natural gas purchase and sales policies and evaluating commercial proposals.

The successful candidate will maintain regular contact with industry, international institutions and consultants in Western Europe.

The profound insight required for this job will further be obtained by means of the market analyses *prepared by the new member and by five other* members of the Business Research Dept.

Training/Experience

- University degree in business management, economics or engineering.
- Approx. 5 years' experience in marketing staff positions and market analysis, preferably in the field of energy.
- International communication skills.
- Ability to work in a team.
- Fluency in Dutch.

DSM summarized

- Sales in 1985: more than Hfl 24,000 million, with a profit of over Hfl 400 million.
- 27,000 Employees worldwide.
- Corporate research staff of about 1200.
- A large number of profit centers outside the Netherlands, both in Europe and in the US, with a total workforce of about 9000.
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- Major activity: chemicals, incl. plastics, resins, fibre feedstocks and fertilisers.
- Growing importance of fine chemicals and high-grade materials.
- Other important activities: energy, plastics processing/products.
- Interest in various other branches, such as automotive, textiles.

Selection procedure/applications

The selection procedure will include a psychological test. Applications stating the vacancy number 8607 can be sent, together with a curriculum vitae, to: DSM, Afdeling Management Development Hoger Kader, Postbus 6500, 6401 JH Heerlen, the Netherlands.

Job basis/further details

The job will be based at Heerlen, the Netherlands. For further details, contact Mr. C. Bennebroek, Manager, Business Research Dept., tel. 045-782826, or Mr. H. Heckmann, Personnel Dept. Head Office, tel. 045-782491.

DSM

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Interested candidates should apply giving full personal, educational and employment details to:

The Personnel Planning Manager,
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PO Box 11027,
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To reach him before 24th May 1986.

Shell

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Applications should reach SHAPE not later than 13 May 1986 and be sent to:

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PRIVATE BANKING BAHRAIN

Our client is seeking a private banking specialist to assist in expanding their private banking business in the Middle East. Located in Bahrain, the officer will be responsible for identifying and developing opportunities to serve the financial needs of high net worth individuals from a wide range of products and services supplied by the Bank's global network.

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An attractive compensation package is offered which will fully reflect the demands of the position and the background of the candidate.

Interested applicants should send a full Curriculum Vitae to Robert Watsham, Director, Jonathan Wren International Ltd, 170 Bishopsgate, London EC2M 4LX, Tel: 01-623 1266, Tlx 8954673 WRENCO.

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Banking Consultants

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Training, for two people, which is paid, begins in London on 25th August 1986 and continues in Tokyo from 1st September 1986. Visas take at least three months, so please apply immediately. (A second training programme may be run in February 1987).

The current starting salary is Y3,600,000 p.a. net with additional expatriate benefits.

Please ring Anna Staunton
The Canning School
01-937 3233

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Madame D. Van TURENHOUDT,
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LPG MANAGER
Kuwait

LPG is an established privately-owned Kuwait-based company substantially capitalised and fully approved by the Government of Kuwait. It is engaged in the marketing and distribution of petroleum products mainly in the East of Suez and Mediterranean areas. It now seeks a Manager to take overall responsibility for the company's LPG business.

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Candidates should be in the 35-45 age range with a 10-15 year successful sales and marketing record with a respected oil company. It would be an advantage if some of this experience had been gained with a small independent firm.

An individual with a good appreciation of the technical and marketing conditions of the LPG business carried on in the Mediterranean, North West Europe and East of Suez areas would be ideal.

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Aged 30+, the successful candidate should have: ☐ a university degree in Applied Economics, specialised in Finance and Banking; ☐ an additional postgraduate qualification in Business Administration, preferably a MBA degree or equivalent; ☐ fluency in English; a working knowledge of German and/or French would be considered an asset.

The responsibilities of the function require: ☐ expertise in the management of a multinational company's liquid funds, including foreign currency management and transfer legislation; ☐ proven ability and experience in all levels of banking negotiations and in developing an effective domestic and European banking network. ☐ experience in the collection of receivables and effective follow-up procedures to accelerate cash collection; ☐ an ability to communicate easily with colleagues in the setting up and maintenance of an accurate data base; ☐ effective skills in generating timely and accurate reports on all the treasury activities.

The salary will be competitive for the person with the right combination of strong technical skills and *personality to establish the role. A company car will be provided* together with other fringe benefits.

Interested candidates are invited to send their handwritten applications together with a detailed curriculum vitae, under reference 200 to:
Universal Communication, Chaussée de La Hulpe 122, B-1050 BRUSSELS, Belgium.

Accountancy Appointments

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Applicants should have an accounting or banking background with at least 2 years of International Corporate Treasury experience.

This is a challenging and demanding position within a small treasury and finance team. Some UK and overseas travel will be necessary.

Please send a detailed C.V. in confidence to:

Mrs. D. C. Howick
Fifth Floor
38 Savile Row
London W1X 2QU

Finance Director

Hertfordshire **c.£25,000 + car**

Our client is a market leader in its specialised area of high technology design and manufacture. The company has a turnover of £7 million and 120 staff. It is profitable, has a healthy order book and further expansion is anticipated.

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Candidates must be qualified accountants, preferably ACMA, in their late 20's – early 30's with previous experience of high tech/small batch manufacturing. In addition, previous experience of computerised systems, banking and foreign exchange dealings is required. On a personal level, candidates must have strong communicative ability, broadly based management skills and a flexible but disciplined approach.

There will be an opportunity for equity participation.

Please write in confidence, enclosing career details and quoting reference 4782/L to Valerie Fairbank, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

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Corporate Recovery and Insolvency Manager

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Ideally, you will have ACA, IPA or an equivalent qualification. More importantly, however, you will need to be e self starter with the necessary energy and ideas to develop a new function in e growing office.

In return we offer excellent career prospects, the usual benefits of a large firm and relocation assistance where appropriate.

Contact for application form or send CV to: **Anne Baird, Regional Personnel Director, Arthur Young, Froomsgate House, Rupert Street, Bristol BS1 2QH. Tel. Bristol (0272) 290808.**

Arthur Young
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Manager Financial Controls Europe

c £25,000 + car
Crawley
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Applicants aged 25 to 35 must be in possession of a major accounting qualification with previous experience of internal audit and preferably line responsibility for the finance function within an operating unit. A strong, tactful personality is essential, together with the ability to communicate with staff at all levels. A significant amount of European travel will be required.

In addition to the salary and a fully expensed car, the other benefits are consistent with those offered by a major multinational, including full relocation package. Career prospects are excellent with distinct and real opportunities for career advancement within 2 to 3 years.

Candidates can apply in confidence enclosing a full CV and current salary and quoting reference MCS/7187 to Michael Andrews
Price Waterhouse
Management Consultants
Executive Selection Division
Southwark Towers
32 London Bridge Street
London SE1 9SY

Price Waterhouse

Internal Audit Supervisor

A wider finance role on a European scale

c.£18,000 pa **Management lease car**

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The successful applicant will lead one of the teams engaged in a programme of accounting and internal control audits. The wide variety of work will relate to most financial aspects of Ford's activities in the UK and other European countries. As a result, you will be travelling 40-50% of the time.

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Our need is for a successful man or woman, aged 25-35, holding a good finance degree or equivalent with a professional accounting qualification. We'll expect you to have at least 3 years' auditing experience gained either in industry, private practice or a large accounting firm. There you will have acquired a sound knowledge of auditing procedures including those required for mechanised systems. Some supervisory experience will be an advantage.

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Please write or telephone for further details to Miss V.M. Beigh, Room 1/578, Ford Motor Company Limited, Eagle Way, Warley, Brentwood, Essex CM13 3BW. Tel: (0277) 253308.

Ford

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Apply in writing with full CV to:
Mrs. B. Langley,
Finance Director, Amari PLC,
52 High Street, Kingston, Surrey KT1 1HN.

FINANCE DIRECTOR

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FINANCIAL SERVICES SECTOR

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As a result of a promotion within the parent group, a Finance Director is to be appointed to the board who will assume full responsibility for the overall management of the finance function. The prime areas of personal control and contribution centre around the treasury function, dealings with Insurance companies, corporate tax and budgetry planning, capital equipment purchase and an acquisition/diversification programme.

Applications are invited from qualified Accountants, male or female, aged around 30, who possess sound working knowledge of the accounting practices used in the insurance sector including the BACS system of payment.

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The envisaged remuneration package comprises a basic salary of £20,000 pa, profit-share bonuses, a company car, BUPA and, after a qualifying period, eligibility for a Directors' pension scheme.

Applications in the form of a brief but meaningful c.v. should be sent to Brian Hodges, acting as advisor to the company at:

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Brian Hodges
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LAW AND SOCIETY

How Eastern Europe prevents terrorism

BY A. H. HERMANN, LEGAL CORRESPONDENT

IN NEW YORK later this year, Soviet lawyers are likely to attend the annual meeting of the International Bar Association for the first time.

Before that, representatives of the Association of Soviet Lawyers and of Iniurcollagia, a Soviet law office looking after foreign interests of Soviet citizens and any interests foreigners may have in the Soviet Union, will come to Edinburgh to compare notes with Dr James Sutherland, the President of the International Bar Association.

The Soviet visitors will not be ignorant about Western law, but personal contact with members of the International Bar Association may teach them a trick or two.

Western lawyers, in their turn, may like to learn how Eastern Europe achieves such complete freedom from terrorists — even if they anticipate that some of the methods cannot or should not be applied in a democratic society. However, asking the right questions may help to understand better the nature of the problems and the need for different solutions.

The question is, of course, whether the absence of reports of terrorism in the communist press should be taken for an absence of terrorism itself.

As publicity is an important incentive for many terrorist acts with political connotations, the absence of reporting is in itself an important factor in reducing their incidence.

This, however, cannot be and is not the whole explanation. How come thet the division of Germany did not result in anything like the division of Ireland? How is it that the Czechs, Hungarians and even tha romantic and fiery Poles, who in 1956, 1968 and 1981 gave such unmistakeable demonstrations of their dissatisfaction with the Soviet regime, fail to blow up restaurants, discotheques and aircraft and do not even intimidate the families of party dignitaries and of the police?

One can argue that the difference between East and West is that in the West the terrorists are sent out or financed from such centres as Libya and Syria and receive money and arms from such diverse locations as the United States and Czechoslovakia, while the would-be terrorists of Eastern Europe lack such support from abroad.

This, however, was not always so and in the early days of the Cold War in 1949 and in the first half of the 1950s, tha Western intelligence services helped adventurous young men to infiltrate, if for no other reason than to collect information and to give some form and voice to the silent discontent majority. The East European regimes seem to have dealt with such infiltration much more efficiently than the West deals with their Libyan and other visitors at present.

It took only a few years for them to put a complete stop to such visits by means of barbed wire fences with minefields, automatic shooting devices, machine gun towers and electric sensors all round their frontiers, combined, of course, with a strict immigration control which investigates the ancestry of each would-be visitor, as well as his or her connections. Such sealing of the frontiers acts, of course, also as a disincentive on domestic potential terrorists since they have no routa of escape.

However, before frontiers were closed so hermetically, many foreign agents did get in, sometimes with no more elaborate equipment than a pair of wire cutters. English agents were extremely rare and well trained. Only two were known to have been apprehended: One escaped and the other committed suicide. By contrast, Vatican agents were naive beyond belief. A Catholic priest "trained" at a centre in Rome would cut the frontier wires, arrive in his former parish and start sending out postcards inquiring about evidence of persecution. He did not last more than a few days.

The greatest number of agents were sent out by the US intelligence services which used adventurous yonng men from the refugee camps. Some were of the type ready to be recruited by anyone who could give them e gun and a feeling of special importance, and once caught by the East European security services they would spill the beans without any hesitation on the simpla promise that they would be given a similar job.

Before they were caught, they usually contacted a great number of people who let them stay a night or gave them a meal, and these were rounded up and given long sentences on the strength of the agent'e confession.

Following the dual purpose of preveoting any dissident or terrorist ectivities and filling the labour camps with prisoners needed for work in the mines, the East European security forces heve cast their net very widely. Laws were introdnced which made it e criminal offence not to report any subversive or treasonable act and even the intention to leave the country without permission was classified as treason.

Nor did the security services wait for any hostile activity to take place. A multitude of *agents provocateur*, pretending they came from abroad or had contacts with political opposition abroad, was sent out to towns and villages end whoever showed them sympathy was locked up and sentenced to periods of between ten and 15 years.

Such sentences were meted out by special courts manned mostly by carrier judges. These were not show trials where tha accused and witnesses had to recite confessions learned during a long etay in special prisons. On the contrary, the public was excluded and the accused was allowed to say as much as he liked. There were as a rule no witoesses and the submission of the Secret Service was taken as evidence. The defence counsel affirmed the guilt of his client and asked that his political aberration should be taken as a mitigating factor.

After a conference lasting a few minntes, the court read the judgment prepared earlier at some other place.

Sometimes one could see tears running down the cheeks of the jndges; they felt eorry for the accused and for themselves, but they did what they were told. Some who were in sympathy with communism convinced themselves that such terror was necessary to preempt the possibility of terror by tha enemies of the regime.

In fact, most of those imprisoned in this way had not only no intention but also no potential to any dissident activity. Students sent out on a geological project and caught with a sketchbook in hand, retired clerks of the Inland Revenue who told each other political jokes on the bench of a park, village dwellers who confessed to having seen a stranger on a motor bike arrive at tha local inn; all such filled the prison camps reserved for those with a sentence over 10 years.

As the demand for sleve labour in tha mines diminished, there was a series of amnesties, *first releasing only criminal* elements and later, after tha advent of the Khrushchev era, also political prisoners, but always with the exception of those who were caught armed or were found guilty of some violent acts.

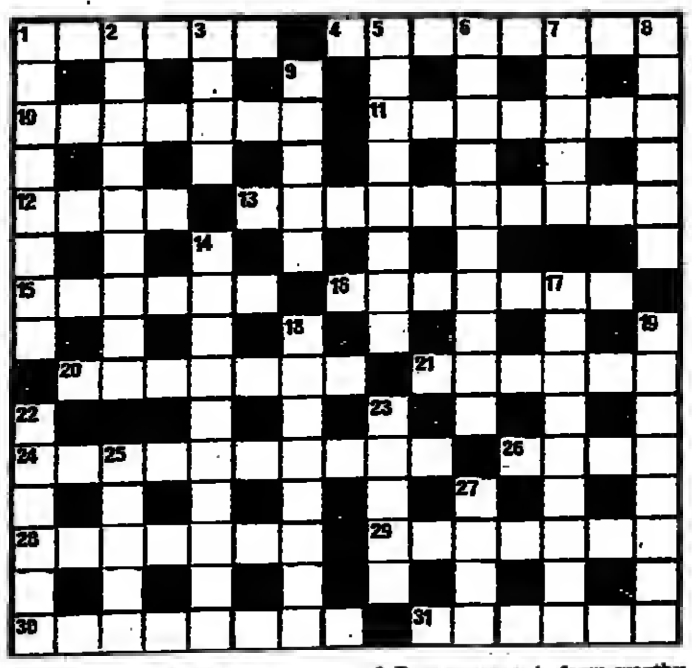
Such successful prevention of terrorism in Eastern Europe reveals very few lessons which could be applied in the West. Reduced publicity for terrorist acts would meet with protests against press censorship. Immigration control could be tightened up but not as long as EEC citizens together with those holding UK passports are simply waved through the barrier. Internal counter-terror to frighten off any potential helpers or non-informers is unthinkable.

This explains the resort to political solutions, such as the Anglo-Irish agreement, or to military solutions such as the bombardment of certain installations in Libya.

However, as long as the world is dominated by the rivalry of the two superpowers, the alimination of terrorism, as distinct from its mere containment, could probably be achieved only by an agreement between them. The difficulty, of course, is that terrorism is a disease which the Soviet Union feels no compulsion to fight because it is immune from it.

F.T. CROSSWORD PUZZLE No. 6,005

ORIGAMI



ACROSS

1 Nurse over stretches muscle (6)
4 I'm in property valuation (8)
10 Unusual duress following a feeling of certainty (7)
11 "Spare a copper"—resort of acts on stage (7)
12 Split on apple splitter (4)
13 Having no cause to agitate Iceland cat (10)
15 Design near to baroque (6)
16 I see in and find something spicy (7)
20 East German loaded with feathers (7)
21 Point to Dave's odd misses (6)
24 A grant for showers (10)
26 Festivities when a prisoner returns (4)
28 Play around at one level (7)
29 Oriental test I've found to arouse passion (7)
30 Doctor East sings about a bandage (8)
31 Knocks about in boats (6)

DOWN

1 Maka pamphlet one on movement (8)
2 Sling nets scattering birds (9)
3 It's not yours, not quite (4)
5 Barons Court, Victoria and Seven Sisters (8)
6 Demon verse is form worthy of note (10)
7 Separate e bit (5)
8 Although upset, you involved girl without difficulty (6)
9 Police turn up in film of law (5)
14 At first tries cases but assigns to another (10)
17 Amiable directions to Reading roundabout (9)
18 Look around most unexpectedly for Rob Roy (8)
19 Transmuted see space ship jumpers (8)
22 Leg pulled in sedate fashion (6)
23 Game played with clubs or an iron (5)
25 Herod set ebont tribe (5)
27 Send up a doctor in music (4)

Solution to Puzzle No. 6,004

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Sentinel Funds Mngmnt Ltd
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American Majors	69.9	74.7	-0.7	1.12
Amer Tech & Genl Fd	105.5	112.9	-0.5	0.55
European Growth	30.5	32.7	-0.4	0.03
European Income	33.8	36.2	+0.2	5.00
Exempt	538.7	576.4		2.43
Intnl Growth Fd	28.5	30.5	+0.2	0.13
International Income	56.4	60.3	-0.3	4.96
Jap Tech & Genl	89.8	96.0	+1.0	0.01
Pacific Fund	157.0	168.0	-0.5	0.01
Secure Income Fd	174.8	187.0	-2.0	4.54
Small Co's Fd	37.0	40.1	-0.5	1.45
Special Sits	214.4	229.4	-1.0	2.10
UK General Fund	34.5	36.9	-1.3	2.32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ 031 225 2552

Income Units	25.5	27.2	-0.5	2.85
Accum Units	28.2	30.1	-0.6	2.85

Stewart Ivory Unit Trust Mgrs Ltd (e)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	223.2	237.7	-2.7	2.23
(Accum. Units)	250.6	266.9	-2.9	2.23
(Withdrawal Units)	161.6	172.1	-1.8	2.23
Australian Fund	123.0	131.0	+0.5	1.02
(Accum. Units)	124.4	132.6	-1.6	1.02
British Fund	588.3	626.5	-6.0	4.25
(Accum. Units)	792.4	843.9	-6.1	4.25
European Fund	275.9	293.9	+1.4	0.87
(Accum. Units)	290.5	309.5	+1.5	0.87
Japan Fund	271.3	229.5	+2.6	0.27
(Accum. Units)	273.2	290.9	+2.6	0.26
Saints PPP	165.1	173.8		—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst.	393.1	410.2	-3.8	2.21
North America	57.9	61.5	-0.6	1.24
Far East	69.0	73.4	+0.5	0.09

Sun Life Trust Mgmt. Ltd
107 Cheapside London EC2V 6DU 01-606 6010

American Growth Acc.	32.1	34.1	-0.2	1.4
American Income Acc	31.1	33.0	-0.4	5.5
American Income Inc	30.7	32.6	-0.4	5.5
European Growth Acc.	50.8	54.0	+0.3	0.0
European Income Acc	24.9	26.5	+0.2	4.5
European Income Inc	24.9	26.5	+0.2	4.5

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Life Funds (Accumulator Units)

Squirrel	10.39	10.95		—
Bear	11.32	11.93	-0.07	—
Owl	11.77	12.39	-0.08	—
Bull	12.52	13.18	-0.03	—
Stag	12.98	12.73	-0.02	—
Gilt-Edged	11.15		-0.09	—
Deposit	9.59			—

Pension Funds (Accumulator Units)

Squirrel	10.96	11.54		—
Bear	12.16	12.81	-0.10	—
Owl	12.73	13.41	-0.09	—
Bull	13.05	13.58	-0.04	—
Stag	13.30	14.01	-0.02	—
Gilt-Edged	11.15		-0.09	—
Deposit	9.65			—

Exempt Approved

Mixed Managed	130.61	133.28	-0.82	—

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Equity Fd Acc (z)	712.4	749.8	+0.6	—
European Fd Accum(z)	197.6	207.9	+2.1	—
Fixed Int. Acc (z)	306.6	322.7	-0.7	—
Gtd. Money Fd. Ac (z)	195.7	206.0	+0.1	—
Intl. Man. Fd. Acm (z)	296.5	312.1	+0.9	—
Intl Fxd Int Fd Acc(z)	176.0	186.0	+1.2	—
Japan Fund(z)	215.0	226.2	+0.1	—
Nth American Fd Acc(z)	166.8	175.5	+1.0	—
Prop. Fd. Acc (z)	198.3	208.7		—
Multiple Inv. Acc (z)	501.1	527.4	+0.8	—

Pension Funds

Eq Pen Fd Acc(z)	1287.4	1355.7	+1.6	—
Euro Fd Acc(z)	254.0	267.3	-3.9	—
Fixed Int. Acc (z)	576.3	606.6	-1.7	—
Gt Money Pn Acc(z)	315.3	331.9	+0.1	—
Intl Man Fd(z)	416.6	438.5	+1.8	—
Jap Pen Fd Acc(z)	280.3	295.0	+0.2	—
N Am Pn Fd Acc(z)	194.9	205.1	+1.5	—
Property(z)	289.6	304.8	+0.1	—
Maple Inv Pens Acc(z)	930.4	979.3	+2.4	—

Allied Dunbar Assurance Plc

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG 0603 622200

Managed Funds

Managed Fund	655.4	689.8	-5.5	—
Equity Fund	1279.1	1346.4	-6.7	—
Property Fund	294.2	309.6		—
Fixed Int. Fund	355.0	373.6	-4.7	—
Deposit Fund	191.8	201.8		—
International Fund	119.4	125.6	-0.8	—

Norwich Union Life Insurance Society Pensionmaster & Unit-Linked Plus

Fixed Interest*	243.5	256.3	+2.8	—
Index Linked Secs*	129.6	136.4	+5.0	—
Ord Share*	362.7	381.7	+4.0	—
International Fund*	119.7	126.0	+3.3	—
Property*	146.9	154.6	+0.2	—
Deposit*	147.0	154.7	+0.3	—
Mixed*	267.8	281.8	+3.1	—
Nor Units April 15		734.2		—

*Prices at April 22

PBR Fund Management Ltd
146a Queen Victoria St, EC4V 5AP 01-236 4070

Flexi-Bond	118.0	124.0	+0.4	—

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	134.6	141.7		—
Prop. Acc. (Gross) (z)	203.2	214.0		—
Equity (Gross) (z)	548.5	577.4		—
Managed (Gross) (z)	391.5	412.2	+0.6	—
Prop. Acc. (Net) (z)	95.2	100.3		—
Equity (Net) (z)	117.2	123.4	+0.2	—
Managed (Net) (z)	113.2	119.2	+0.2	—
International (net) (z)	115.1	121.2	+0.9	—

Pearl Assurance (Unit Linked Pens) Ltd

Ret Man (Series 1) (z)	354.6	373.3	+0.3	—
Ret Man (Series 2) (z)	119.5	125.8	+0.1	—
Ret Cash (z)	100.8	106.1	+0.1	—

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prufund

Managed April 23	179.3	186.8	+1.6	—

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretnry Fd Apr 9	103.34	105.99		—
Equity Fund Apr 9	107.10	110.42		—
Intl Fund April 9	18.42	18.99		—
Fixed Int April 9	[illegible]	59.15		—
Index Linked April 9	43.96	45.34		—
Property Fund Apr 9	61.45	63.36		—
Cash Fund April 9	15.2489	15.2489		—

Pru-Linked Retirement Plan

Managed Fd	250.30	260.80		—
Cash Fd	145.90	152.00		—

Prudential Pensions Investment Account

Pens Managed Fd Apr 23	101.5	106.9	+2.2	—
Pens UK Eqty Fd Apr 23	117.5	123.5	+3.5	—
Pens Intl Fd Apr 23	[illegible]	102.0	+1.2	—
Pens Fxd Int Fd Apr 23	98.9	104.2	-0.1	—
Pns Index Lk Fd Apr 23	102.8	108.3	+1.0	—
Pens Cash Fd Apr 23	95.7	100.8	+0.2	—

Reliance Mutual
Reliance House, Tunbridge Wells, Kent 0892 22271

Deposit Capital Fd	102.3	107.7		—
Deposit Acc. Fd	102.6	108.0		—
Equity Capital Fd	219.1	230.7		—
Equity Acc Fd	219.7	231.3		—
Managed Cap Fd	201.8	212.4		—
Managed Acc. Fd	202.3	213.0		—

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc	10.49	7.84	11.38	Qtr
Money Acc	10.20	7.62	10.05	Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	9.875	7.38	10.76	Mth
Over £10,000	10.125	7.57	11.04	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 24141

High Int Chq Acc	10.44	7.80	11.31	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp.	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	28	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	52	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons.	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	$2\frac{1}{2}$
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd.	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	$3\frac{1}{2}$
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons. Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

EEC farm ministers still divided on compromise price package

BY QUENTIN PEEL IN LUXEMBOURG

A NEW ATTEMPT to hammer out a compromise on EEC farm prices and production curbs was launched last night, as Farm Ministers neared the end of three days' hard bargaining.

The Dutch presidency's plan, offering key concessions to different member states in a bid for acceptance of the overall package, still ran into tough criticism from Mr Ignaz Kiechle, the West German Farm Minister, who last year vetoed any agreement on a cereals price cut.

Mr Gerrit Braks, the Dutch Farm Minister, still stuck last night to the European Commission's plan for a tax on cereals producers of 3 per cent as a disguised price cut—but with key changes.

He scrapped the plan to exempt farmers producing less than 25 tonnes from the so-called "co-responsibility levy," and proposed instead spending Ecu 120m of the extra revenue on subsidies for small farmers.

He also suggested levying the tax on all grain processed, sold to intervention stores, or exported — but not those tonnages consumed on farms or sold to neighbours, another move to help Germany.

Proposed higher quality controls, suggesting for example a maximum moisture content in cereals of 14.5 per cent, are too high for German acceptance, officials said. They would result in an effective price cut for a significant proportion of German output, as well as hitting British farmers.

Mr Frans Andriessen, the EEC Farm Commissioner, last night proposed a uniform green rate devaluation for all member states eligible—that is all except Germany and the Netherlands whose currencies have strengthened—of 1.98 per cent for animal products and 1 per cent for vegetable products including cereals.

France is seeking at least 4 per cent on the former, and 2 per cent on the latter and is strongly opposed to any uniform system.

The new plans would phase the planned 3 per cent cut in dairy production quotas over three years, with no cut in 1986, a 2 per cent cut in 1987, and 1 per cent in 1988. Countries failing to achieve the full 3 per cent reduction with a buying-out scheme offering Ecu 4 per 100 kg would have simply to enforce it at the end of three years.

Mr Michael Jopling, the British Farm Minister, remains unhappy at any cereals tax being implemented, instead of a straightforward price cut.

The package offers him an alternative concession by scrapping any limitation on the ewe premium payable to sheep farmers. The original Commission plan would have excluded any farmers with more than 500 ewes, or 1,000 ewes on hill farms.

Mr Francois Guillaume, the French Farm Minister, is likely to be upset by tighter rules on intervention buying for cereals now put forward, limiting the season for intervention purchases to November to April. The earlier Dutch plan had suggested only banning intervention in the harvest months of July and August.

Mr Guillaume is also likely to fight hard for the promise of a maximum devaluation in the green franc, eligible for a 6.2 per cent cut—and therefore providing a similar effective price rise for French farmers in their national currency—following the recent realignment of the European Monetary System.

The European Commission is anxious that green rate changes should be phased in gradually to limit the extra expense on the farm budget, already set to break all attempts by the EEC Finance Ministers to impose strict budgetary discipline.

Mr Filippo Maria Pandolfi, the Italian Farm Minister, shares the British scepticism over the cereals levy, and has been particularly angered by a plan to impose a price cut of 10 per cent of tomatoes, instead of five per cent as originally proposed.

China forecast to step up grain imports

CHINA will soon become a major importer of grain again to provide more and better food for a growing population whose per capita grain consumption is one of the lowest in the world, according to Mr James Ingram, executive director of the World Food Programme (WFP), reports Reuter from Peking.

He said China is self-sufficient in cereals but at a very low level, and consumption of dairy products is the lowest of any major country.

"China will increase significantly imports of grain, mainly wheat, between now and the year 2000," he said.

China's imports of grain, mainly wheat, have fallen from a record 15.6m tonnes in 1982 to about 6m tonnes in 1985. Wheat imports in the first quarter of 1986 fell to 1.607m tonnes from 1.75m in the same year-earlier period.

This follows bumper harvests that allowed China to become a major maize exporter last year.

Mr Ingram said the average Chinese consumes only 400 kilos of cereals a year. Planned increases in grain output by 2000 would enable him to eat a little more.

China will need more grain to feed to animals, to improve consumption of meat and dairy products, Mr Ingram said.

"Chinese leaders told me they do not see China as a net exporter of cereals. Domestic transport problems make it more economical to export corn (maize) and soyabeans from the north-east and import food for other parts of China."

He said China received 763,000 tonnes of food aid from the WFP up to the end of March this year and will receive 350,000 tonnes in the whole of 1986—nearly all of it going in the form of payment for work done by poor farmers.

Price warning to mine industry

BY ANDREW GOWERS

THE WORLD mining industry is in need of a much more fundamental restructuring over the next few years than it has so far achieved in order to cope with the long-term imbalance between supply and demand.

Metal prices, which have dropped by 30 per cent in US dollar terms over the last five years, are unlikely to come to the industry's rescue.

That is the message of a report* published yesterday by the Group of Thirty, an international group of bankers and businessmen, and written by Sir Roderick Carnegie, chairman and chief executive of CRA, the Australian mining company.

The report argues that the metals and mining industry will continue for the rest of this decade to suffer from the problems of excess capacity, slack demand and low prices which have dogged it for most of the 1980s. But it holds out the prospect of an improvement in conditions in the 1990's, when the effects of low investment in the industry from now on and a possible rise in demand in Asia begin to make themselves felt.

Sir Roderick's main point appears to be that the short-term measures which many companies have taken in order to weather what they regard as a cyclical downturn in the metal markets over the last few years are not enough, and that those which are hanging on in the hope of something better in the medium-term are wasting their time.

"The industry cannot rely on either rising prices or rapid growth in demand to overcome its present problems," he writes.

In order to pull itself out of the present slump, it argues, the industry needs to ensure that entry barriers are high enough to exclude all but the most competitive new producers (competitive, that is, without government subsidies) and that exit barriers are reduced to encourage the closure of high-cost operations.

Outlook for Mineral Commodities; published by Group of Thirty, New York.

Malaysia plans to raise palm oil output

MALAYSIA'S CRUDE palm oil (CPO) output could rise to 6m tonnes a year by 1990 and 9m by the year 2000 from last year's 4.13m, Mr Alladin Hashim, the director general of the Federal Land Development Authority, has told a commodities seminar, reports Reuter from Kuala Lumpur.

He said the planted area was forecast to reach about 2m hectares by the year 2000, up from a current 1.46m.

"As palm oil is likely to remain the cheapest and most reliable source of edible and industrial oil Malaysia plans to produce more palm oil and to exploit fully its market potential," he said.

Malaysia exports 93 per cent of its palm oil and accounts for 80 per cent of the world trade, according to official figures.

Faced with competition from soyabean oil and cheap palm oil from low-cost producers such as Indonesia, Malaysia is working out strategies to market its oil, Mr Alladin said.

He said cost-cutting should be accompanied by increased productivity and yield per hectare. Production costs stand at $140 to $155 a tonne in Malaysia compared with about $26 in Indonesia.

If Malaysia used clonal planting materials it could increase yields to between five and six tonnes a hectare by the year 2000 from 4 to 4.5 tonnes now, Mr Alladin said.

Through biotechnology yields could be boosted to eight to 10 tonnes a hectare in the years 2020 to 2030, he said.

● Malaysia's crisis-stricken tin-mining industry will return to normal in three to six years, Mr Redzwan Sumoh, the chief inspector of Mines, told the seminar here.

This would happen after the current world tin stocks of 130,000 tonnes had been vastly reduced, he explained.

The cost-efficient dredging sector would gain while gravel pump mines, which produce nearly 60 per cent of Malaysia's tin, would produce about 56 per cent less.

Mr Redzwan said the industry faced uncertainty in the short term.

"Whereas previously the International Tin Council had control over most of these stocks, today these stocks are entirely free for disposal.

"The stock was equivalent to about nine months of world requirements, far above a more normal level of four to six weeks supply," he said.

The movement of prices would depend on the disposal behaviour of stock-holders and the level of production maintained by producers at different prices, Mr Redzwan added.

He said tin prices might remain at the current level of $2.35 to $3.60 per kilo until June or July this year.

When the milking has to stop

BY NANCY DUNNE IN WASHINGTON

"If someone had told me two months ago that I'd sell off my cows, I would have called 'em a damned liar," says Mr Jack McGolrick — who farms 300 of the prettiest acres in the US, among the gently rolling green hills of Frederick County, Maryland. Nevertheless, Mr McGolrick has signed up to participate in the Government's dairy herd buy-out programme. Two week ago he watched his 84 head of cattle go to slaughter, and he is still "in shock."

After 38 years of dairying, he still wakes up at 5 am wondering what to do with himself until 6.15 am. With the exception of the five bullocks he was allowed to keep, his barn is silent now, and Mr McGolrick is in mourning for a way of life fast disappearing all across rural America.

Still, it was a hard life, working seven days a week and never taking a holiday. The state health department is getting more troublesome about its rules, and labour is difficult to find for the salaries dairy farmers can afford to pay.

I've been kicked a 1,000 times from milking, Mr McGolrick says, still missing his cows. But after estimating his costs and earnings, he joined with almost 40,000 other dairy farmers to bid for a chance to get out of the business. All bids below $22.50 per cwt of milk that the cows were figured to produce were accepted.

Mr McGolrick bid $16.25 and he was in. He will receive payments spread out over the next five years, and he figures, will probably earn more from not milking than he would have from his profits.

He is participating in the programme with almost 14,000 other farmers who, in the next 18 months, will send 1.55m cows, heifers and calves to slaughter or for export. If the scheme works as Congress and the US Department of Agriculture (USDA) designed it, then $2bn to $3bn will be saved on the price-support programme, which requires the USDA to buy up surplus milk to keep prices from falling below $11.60 per 100 lbs.

Just two years ago, the authorities thought they were getting the dairy glut under control through the so-called dairy diversion programme, an attempt to persuade farmers to shift away from milk production. In 1984, production dipped by 3 per cent to £135.4bn from its record level the previous year, and the Government's surplus purchases dropped by nearly half to £8.6bn.

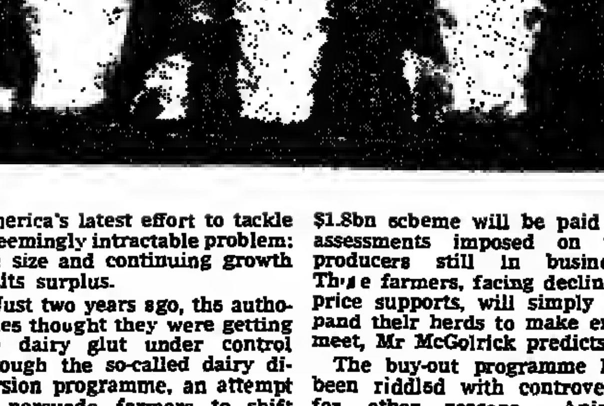
But the programme, while offering short-term relief to give farmers time to cut production, did nothing about the underlying excess capacity in the US dairy industry. As with previous schemes to encourage European farmers to sell their cows, the rising production trend soon took hold again as the relationship between milk and feed prices improved. Last year, USDA purchases were back up around the £13bn level, and there were forecasts that the Government would have to buy a staggering £20bn in 1986.

The herd buy-out programme—like the scheme to pay dairy farmers to quit under consideration in the EEC — represents America's latest effort to tackle a seemingly intractable problem: the size and continuing growth of its surplus.

There are those, Mr McGolrick among them, who doubt that the present programme will achieve the end it is seeking, either. Part of the cost of the $1.8bn scheme will be paid by assessments imposed on the producers still in business. These farmers, facing declining price supports, will simply expand their herds to make ends meet, Mr McGolrick predicts.

The buy-out programme has been riddled with controversy for other reasons. Animal lovers were upset about a requirement that the cows meant for slaughter should be branded on the face. When a US district court in New York issued a preliminary injunction halting the practice, the USDA had to change the rules. Hot branding is now forbidden, and the Department is allowing producers to choose from among several kinds of "freeze branding."

A department official who helped to design the scheme insisted that hot branding is quick, easy and "not all that painful." But with freeze branding, using liquid nitrogen, it takes at least 90 seconds for a mark to appear. "It will be interesting to see how they get a cow to hold still for that," he said.



The USDA is also fighting a federal lawsuit brought by the National Cattlemen's Association, which alleges that cows are being brought to market too quickly, causing meat prices to plummet. USDA officials said there had been "panic" in the meat market and that the dairy cows will not add much to the overall beef supply.

About two-thirds of the dairy livestock are to go to slaughter during the first of three selling periods, designed specifically not to interfere with the livestock industry's busiest slaughter time in the autumn. But still cattle ranchers say introducing 1.55m head on to the market at a time when prices were already weak has cut the value of the nation's beef cattle by $5bn.

Congress foresaw a possible meat glut when it approved the dairy programme in last year's farm bill. It provided for a Government purchase of 400m pounds of red meat to keep it off the market. Weekly purchases of canned beef began in mid-April and frozen beef purchases started on Monday.

The Department has other plans for assisting the livestock industry. Mr Richard Lyng, the Agriculture Secretary, a former president of the American Meat Institute, has authorised $50m in credit guarantees for the sale of breeding cattle to Mexico. At the same time, he offered to subsidise the sale of 7,500 dairy cattle to Indonesia, and a few days later he announced that Turkey, Morocco and Egypt would be eligible to purchase a total 15,000 head of US dairy cows under the export enhancement subsidies programme, and the 31 Frederick country

So the dairy cows will go abroad, where they are needed, and the 31 Frederick country farmers who sold out will join 14,000 others in searching for new ways to start their days.

LONDON MARKETS

THE RECENT rally in aluminium values on the London Metal Exchange ran out of steam yesterday after further gains had been made during the morning session. The three months position had added £11.75 to the £34 rise of the past week before trade selling and profit taking dampened bullish sentiment. By the end of the day the price was down £5.25 at £786 a tonne. But with nearby supplies remaining tight the cash position still managed a £1 net riseto £797 a tonne, its highest closing level for nearly three weeks. The LME nickel market slipped back as its rally also lost momentum. The cash price ended the day £35 lower at £2,600 a tonne wiping out most of the aggregate gain of Monday and Tuesday. Dealers said the market was put under pressure by sterling's advance coupled with trade liquidation and fresh selling.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	796-8	+1.0	—
3 months	785-7	—5.25	805-706

Official closing (am): Cash 787-8 (787-.5), three months 782-4 (780-.5), settlement 788 (787.5). Final Kerb close: 781-2. Turnover: 32,750 tonnes.

COPPER

Higher grade	Unoffic'l close	+or —	High/low
Cash	951-1.5	+5.75	951.5/951.5
3 months*	955-.5	+2.75	968.5/962.5

* Grade "A"

Official closing (am): Cash 953-3.5 (938-40), three months 966-6.5 (957.5-8), settlement 963.5 (940). Final Kerb close: 962.5-3.5.

Cathodes			
Cash	948-52	+5.0	954/954
3 months*	956-0	+3.5	—

* Standard

Official closing (am): Cash 953-4 (939.5-40), three months 957-8 (948-8), settlement 954 (940). Turnover: 26,675 tonnes. US Producer prices: 66.50-72.00 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	242-3	+1.0	243/242
3 months	252-3	+3.25	253/250

Official closing (am): Cash 241.5-2.5 (240-.5), three months 251.5-2 (248-.5), settlement 242.5 (240.5). Final Kerb close: 251-2. Turnover: 19,500 tonnes. US Spot: 18.50-20.00 cents a pound.

TIN

Kuala Lumpur Tin Market—Close: 14.70 (14.75) ringitt per kg, down 0.05 ringitt per kg.

NICKEL

Official closing (am): Cash 2,585-95 (2,590-5), three months 2,635-45 (2,638-40), settlement 2,595 (2,585). Final Kerb close: 2,650-5. Turnover 1,140 tonnes.

ZINC

Official closing (am): Cash 425-7 (430-.5), three months 436.5-7 (441.5-2), settlement 427 (430.5). Final Kerb close: 433.5-5. Turnover: 8,500 tonnes. US Prime Western: 33.00-33.75 cents a pound.

GOLD

Gold rose $¾ to $346-346½ on the London bullion market yesterday.

SILVER

MEAT

SUGAR

LONDON DAILY PRICE—Raw sugar $200.00 (£131.50), up $3.00 (up £2.00) a tonne for April-May delivery. White sugar $217.00, down $3.00.

INDICES

REUTERS

Apr. 22	April 21	M'th. ago	Year ago
1789.3	1795.0	1829.8	1901.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	April 21	April 12	Month ago	Year ago
Spot	128.27	120.99	—	110.88
Fut.	125.49	124.99	—	125.23

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Apr. 23 1986	+ or —	Month ago
Aluminium			
Free Market	$1325/345	+10	$1320/340
Copper			
Cash h Grade	£951.35	+5.75	£982.5
3 mths	£965.85	+2.75	£1082
Gold Troy oz	$346.25	+0.75	$346.25
Lead Cash	£242.5	+1	£249.5
3 mths	£282.5	+6.25	£256.5
Nickel			
Free Mkt	174/148c		175/186c
Palladium oz	109.50	+0.75	$110.50
Platinum oz	$424.00	+7.50	$415.00
Quicksilver†	$220/230		$233/245
Silver troy oz	356.35p	—1.55	381.10p
3 months	343.30p	—1.50	391.15p
Tin			
free mkt	£3760/730	—25	£3900/880
Tungsten	522.07		$65.61
Wolfram 22.0lb	$45/55		550/56
Zinc	£428.25	—1.25	£428.0
3 months	£430.72	—0.2	£458.75
producers	$650/700		$650/678
OILS			
Coconut (Phil)	$290x		$305
Palm Malayan	$245z	—10	$282.5
Copra Phil	$170	—10	$200
Soyabean (U.S.)	$151x		$220.5
GRAINS			
Barley Fut.Sept.	£02.20	—0.60	£99.20
Maize	£143.75		£140.50
Wheat Fut July	£110.30	—0.65	£120.55
No. 2 Hard Wint.	z		‡
OTHERS			
Cocoa Ft. July	£143.5	—30	£1415.0
Coffee Ft. July	£2515.5	+2	£2403.5
Cotton A Ind.*	47.85c	—0.2	50.65c
Gas Oil June	$129	+4	$132.5
Rubber (kilo)	87p	+0.e	58.0p
Sugar (raw)	$200y	+5	$195.5
Wooltops 64s	422p kilo		411p kilo

‡ Unquoted. † Per 75 lb flask. c Cents a pound. u May. y April-May. w June. x May-June. z July. * Cotton outlook.

COCOA

Following on unchanged opening futures rallied slightly before encountering active chartist and commission selling. Consumers were reluctant to re-enter the market and apart from light producer interest at the higher levels, no physical business was noted, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1435-1436	—31.5	1468-1432
July	1413-1414	—30.0	1452-1419
Sept.	1436-1437	—25.5	1473-1455
Dec.	1464-1470	—30.0	1498-1485
March	1486-1489	—30.0	1520-1488
May	1505-1507	—29.5	1536-1505
July	1517-1512	—35.5	1536-1518

Sales: 4,693 (5,853) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for April 22: 95.57 (94.39); five-day average for April 23: 93.85 (92.37).

COFFEE

SOYABEAN MEAL

GRAINS

OIL

POTATOES

US MARKETS

PRECIOUS METALS moved higher supported by a weaker dollar, slightly higher crude oil prices, expectations of lower interest rates and easier monetary policy, reports Heinold Commodities. Copper traded higher having rallied on technical buying with trading brisk and volume heavy. Oil futures closed firmer reflecting buoyant product demand and technical short-covering. Cocoa drifted lower in currency related trading. Coffee rallied on trade buying but failed to reach commission house buy stops. Sugar drifted on light speculative liquidation with active spread trading. Soyabean futures remained higher in thin trading supporting gains in maize and wheat futures with scattered commercial buying.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
April	57.35	—	—	55.50
May	57.30	57.35	56.95	55.55
June	57.05	—	—	55.55
July	56.80	56.85	56.35	55.55
Sept	56.50	56.55	56.50	55.60
Dec	56.40	55.30	56.30	56.30
Jan	56.35	—	—	56.00
May	56.25	—	—	56.40
July	56.30	—	—	56.00

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1905	1914	1885	1906
July	1977	1992	1960	1970
Sept	2032	2042	2015	2020
Dec	2078	2080	2060	2062
March	2105	2108	2085	2090
May	2133	2125	2110	2112
July	2158	—	—	2143

CHICAGO

GAS OIL FUTURES

FREIGHT FUTURES

RUBBER

PHYSICALS — The London market was quiet throughout the day, reports Lewis and Peat.

Lingerie company to axe 90 jobs

PETER KIRKLAND, lingerie manufacturer of Long Eaton, Derbyshire, is to make 90 workers redundant. The majority are machinists. The company blames cheap foreign imports for the move.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak and volatile

The dollar fell to new lows in very nervous foreign exchange trading. There was no sign of intervention by the Bank of Japan in Tokyo, or by European central banks and the US Federal Reserve, but the dollar has now fallen to a level where the market reacts to any rumour about possible support. The US currency fell to a record closing low of Y168.80, from Y169.95, but finished at the top of the day's range, having touched Y167.00. It also declined to the lowest level for five years, touching DM 2.1760, and closing at DM 2.1935, compared with DM 2.1985, the lowest closing level since April 28, 1981. The dollar fell to FFr 7.0025 from FFr 7.0130, and to SFr 1.8340 from SFr 1.8425, the lowest finish since January 8, 1982.

On Bank of England figures the dollar's index fell to 114.5 from 114.8.

STERLING — Trading range against the dollar in 1986 is 1.5245 to 1.3770 March average 1.4681. Exchange rate index rose 0.3 to 75.7, the day's high, after opening unchanged at 74.4, the day's low. Six months ago the index was 31.1.

The pound was firm in quiet trading, supported by higher London interest rates, after recent signals from the Bank of England that another cut in bank base rates will not be welcomed at present. Sterling gained 1 cent to $1.5235-1.5245, and rose to DM 3.3425 from DM 3.3275; FFr 10.6725 from FFr 10.6175; and SFr 2.7950 from SFr 2.7900. It was unchanged at Y257.25.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1935. March average 2.2677. Exchange rate index 135.8 against 128.0 six months ago.

The D-mark remained strong against the dollar in Frankfurt, but retreated in the afternoon, as the US currency recovered on short coverings, and an apparent shortage of dollars in the market. Sentiment remained against the dollar, however, but dealers do not expect the Bundesbank to cut its discount rate today. There was no sign of intervention by the Bundesbank to support the US currency on the open market, and the German central bank did not intervene when the dollar was fixed at its lowest level since April 27 1981 in Frankfurt at DM 2.1619, compared with DM 2.1853 on Tuesday. After a day of fairly wide movement the dollar closed little changed at DM 2.1920, compared with DM 2.18375.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 168.80. March average 178.65. Exchange rate index 2027 against 1692 six months ago.

The yen continued its advance against the dollar. In Tokyo the US currency closed at Y167.85, compared with Y169.35, and against the New York finish of Y168.95. The dollar touched a record trading low of Y166.80 soon after the Tokyo opening, depressed by a newspaper report that Mr James Baker, US Treasury Secretary, said the yen is making an orderly appreciation and the realignment will not be a short-term phenomenon. Short covering in late trading led to a partial rebound by the dollar, as dealers remained nervous of running short positions, for fear of intervention by the Bank of Japan. Pressure from Japan's trading partners for a correction in the country's very large trade surplus, is expected to keep the yen on an upward course, leading to a rise in the cross rate against the D-mark from around Y77 to Y72 in the next few weeks, as well as a further adjustment against the dollar.

£ IN NEW YORK

Close	April 23	Prev. close
£ Spot	$1.5235-1.5245	$1.5150-1.5170
1 month	0.53-0.50pm	0.54-0.53pm
3 months	1.28-1.20pm	1.27-1.25pm
12 months	3.75-3.65pm	3.66-3.63pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

April 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5155-1.5295	1.5235-1.5245	0.53-0.50c pm	4.06	1.27-1.22pm	3.27
Canada	2.1138-2.1287	2.1240-2.1250	0.24-0.13c pm	1.04	0.38-0.22pm	0.56
Nethlnd.	3.74½-3.78¾	3.75¾-3.76¾	1⅞-1⅛c pm	5.76	4⅞-4⅜pm	4.72
Belgium	67.85-68.31	68.00-68.10	16-10c pm	2.29	40-31pm	2.09
Denmark	12.29-12.40	12.31½-12.32	8⅞-2⅞ore pm	3.29	9½-8pm	2.80
Ireland	1.0950-1.1040	1.1005-1.1015	0.10-0.25p dis	−1.91	0.20-0.50dis	−1.27
W. Ger.	3.31½-3.35	3.33¾-3.34¾	1⅞-1⅝pf pm	6.53	4⅞-4⅝pm	5.56
Portugal	208.62-220.58	209.76-220.58	180-400c dis	−15.03	430-1145d	−14.08
Spain	211.81-213.48	212.43-212.72	20-80c dis	−2.28	100-180dis	−2.45
Italy	2,279¾-2,302¾	2,287-2,288	1-7lire dis	−2.10	11-19dis	−2.62
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	10.60¼-10.69	10.66¼-10.67¼	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	10.73¼-10.80¼	10.76¼-10.77¼	[illegible]	[illegible]	[illegible]	[illegible]
Japan	254¼-257¼	256½-257½	[illegible]	[illegible]	[illegible]	[illegible]
Austria	23.38-23.51	23.46-23.50	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	2.77½-2.80	2.79-2.80	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 68.55-68.65. Six-month forward dollar 2.26-2.21c pm. 12-month 3.75-3.65c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5185-1.5295	1.5235-1.5245	0.53-0.50c pm	4.06	1.27-1.22pm	3.27
Ireland†	1.3790-1.3820	1.3815-1.3825	0.60-0.56c pm	5.18	1.60-1.50pm	4.18
Canada	1.3910-1.3940	1.3930-1.3940	0.35-0.37c dis	−3.02	0.93-0.97dis	−2.71
Nethlnd.	2.4590-2.4620	2.4595-2.4605	0.35-0.33c pm	1.66	0.93-0.90pm	1.49
Belgium	44.45-44.50	44.60-44.70	8-5c dis	−1.75	11-15dis	−1.17
Denmark	8.05-8.13	8.08-8.08½	par-½ore dis	−0.37	½-1½dis	−1.15
W. Ger.	2.1760-2.1960	2.1930-2.1940	0.44-0.39pf pm	2.28	1.25-1.20pm	2.28
Portugal	145-147	145½-147	160-310c dis	−19.25	410-870dis	−17.47
Spain	138.75-139.80	139.50-139.65	80-80c dis	−5.03	185-215dis	−5.74
Italy	1,498-1,507	1,500¾-1,501¾	5-7lire dis	−4.79	[illegible]	[illegible]
Norway	6.95½-6.99¾	6.98¼-6.99	3½-4¼ore dis	−5.90	11-11½dis	−6.61
France	6.94½-7.01	7.00½-7.01	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	7.04½-7.08½	7.06½-7.07	[illegible]	[illegible]	[illegible]	[illegible]
Japan	166.80-168.45	167.50-167.60	[illegible]	[illegible]	[illegible]	[illegible]
Austria	15.29½-15.42	15.28-15.29	3-2gro pm	[illegible]	[illegible]	[illegible]
Switz.	1.8215-1.8410	1.8335-1.8345	0.46-0.40c pm	2.79	1.25-1.15pm	2.62

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 44.95-45.05.

EXCHANGE CROSS RATES

Apr. 23	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.524	3.343	257.3	10.67	2.795	3.765	2286.	2.126	68.05
$	0.656	1.	2.194	168.8	7.003	1.834	2.466	1501.	1.395	44.65
DM	0.299	0.456	1.	76.98	3.193	0.836	1.124	684.4	0.636	20.36
YEN	3.887	5.924	12.99	1000.	41.48	10.86	14.61	8892.	8.264	264.5
F Fr.	0.937	1.428	3.132	241.0	10.	2.619	3.521	2141.	1.992	63.75
S Fr.	0.358	0.546	1.196	92.06	3.819	1.	1.344	818.4	0.761	24.35
H Fl.	0.266	0.406	0.890	68.48	2.840	0.744	1.	608.6	0.566	18.11
Lira	0.437	0.666	1.461	112.5	4.666	1.222	1.643	1000.	0.930	29.76
C $	0.470	0.717	1.572	121.0	5.020	1.315	1.767	1076.	1.	32.01
B Fr.	1.470	2.240	4.912	378.0	15.68	4.107	5.522	3361.	3.124	100.

Yen per 1,000: French Fr per 10: Lira per 1,000; Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

April 23	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmrk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr.(Fin)	9½-0¾	0.0¼	6⅞-6⅝	7⅞-9⅛	7¼-7½	7⅛-7⅝
B.Fr.(Con)	9⅛-10	6⅛-10	8⅝-8⅞	7⅝-8¼	7¼-7⅝	7-7½
Yen	4⅛-4⅛	4¾-4⅞	4⅛-4⅝	4⅝-4⅛	4⅛-4⅝	4⅛-4⅛
D. Krone	6½-8	6¼-8¼	6 6¼	7¾-6½	7½-8	7¼-7¾
Asian $ (Sngl)	7⅛-7¼	6⅛-7⅛	6⅛-6⅛	6¾-6⅞	6⅛-6⅛	6⅛-6⅛

Long-term Eurodollars: two years 7¼-7½ per cent; three years 7⅜-7⅝ per cent; four years 7⅝-8 per cent; five years 8-8¼ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

CURRENCY MOVEMENTS

April 23	Bank of England Index	Morgan* Guaranty Change %
Sterling	70.7	−16.2
U.S. dollar	114.5	+6.2
Canadian dollar	77.7	−13.4
Austrian schilling	168.8	+7.5
Belgian franc	95.8	−7.1
Danish Krone	86.3	−1.0
Deutsche mark	135.8	+15.0
Swiss franc	158.0	+15.6
Guilder	125.1	+0.0
French franc	66.4	−15.2
Lira	46.5	−18.6
Yen	203.7	+47.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

* Morgan Guaranty rates are for April 22.

CURRENCY RATES

April 23	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.770154	0.643548
U.S. $	6½	1.17279	0.982906
Canadian $	8.88	1.62901	1.36644
Austria Sch.	4	17.0618	[illegible]
Belgian Fr.	8	[illegible]	43.7731
Danish Kr.	7	9.47497	7.93261
D'mark	3½	[illegible]	2.14549
Guilder	4½	[illegible]	2.42301
French Fr.	9½	[illegible]	6.84650
Lira	14	1759.77	1472.81
Yen	3½	198.671	[illegible]
Norway Kr.	8	[illegible]	[illegible]
Spain Pts.	—	[illegible]	[illegible]
Swedish Kr.	10½	[illegible]	[illegible]
Swiss Fr.	4	[illegible]	[illegible]
Greek Drch.	20½	161.921	134.734
Irish Punt	—	0.844950	0.707247

* SDR rates are for April 22.

OTHER CURRENCIES

April 23	£	$
Arg'tina	[illegible]	[illegible]
Aus'alia	[illegible]	[illegible]
Brazil	20.87-21.10	13.77-13.84
Finland	7.5900-7.6100	4.9700-4.9900
Greece	207.66-210.11	136.75-139.80
H'Kong	[illegible]	[illegible]
Iran	119.50*	78.10*
Kuwait	[illegible]	[illegible]
Luxemb'g	68.00-68.10	44.60-44.70
Malaysia	[illegible]	[illegible]
N'Zealand	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Sin'pore	[illegible]	[illegible]
S Af (Cm)	[illegible]	[illegible]
S Af (Fn)	[illegible]	[illegible]
U.A.E.	[illegible]	[illegible]

* Selling rate.

STERLING INDEX

	April 23	Previous
8.30 am	75.4	75.5
9.00 am	75.4	75.5
10.00 am	75.5	75.6
11.00 am	75.3	75.7
Noon	75.5	75.6
1.00 pm	75.6	75.8
2.00 pm	75.5	75.6
3.00 pm	75.7	75.5
4.00 pm	75.7	75.4

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.7731	+0.24	+0.44	±1.5368
Danish Krone	7.91896	7.93261	+0.17	+0.37	±1.6408
German D-mark	2.13834	2.14549	+0.33	+0.53	±1.1234
French Franc	6.96280	6.84650	−1.67	−1.47	±1.3701
Dutch Guilder	2.40935	2.42301	+0.57	+0.77	±1.5081
Irish Punt	0.712956	0.707247	−0.80	−0.60	±1.6669
Italian Lira	1496.21	1472.81	−1.58	−1.56	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

US bonds weak

US bond prices fell sharply yesterday in the London International Financial Futures Exchange yesterday. However, early trading in Chicago showed a significant recovery in what many dealers described as volatile and erratic trading. Much of the early decline stemmed from comments made apparently in jest by the chairman of Chrysler Corporation that the dollar could fall to Y150.

While the market was probably mature enough not to see this as an imminent possibility, did bring to light the decreasing rate of return on Japanese holdings of US bonds because of the diminishing interest rate differential and an increasing exposure to foreign exchange loss. Consequently early trading saw a strong move out of US bonds with the price for June delivery opening at 101-13 down from 103-12 and dipping to a low of 99-20 before recovering to close at 100-15. A higher Federal funds rate, albeit technical hardly helped.

In addition the next round of funding weighed heavily on the market.

Gilt prices were also marked down although there was some recovery later in the day.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	10.44	11.38	—	—	0.00	6.42	—	—
118	8.46	5.58	—	—	0.02	0.63	—	—
120	0.51	6.24	—	—	0.07	1.28	—	—
122	4.54	6.61	—	—	0.20	2.01	—	—
124	3.26	0.44	—	—	0.46	2.48	—	—
126	2.08	4.36	—	—	1.28	3.40	—	—
128	1.12	2.39	—	—	2.32	6.43	—	—
130	0.38	2.61	—	—	3.58	6.66	—	—

Estimated volume total, Calls 900, Puts 412
Previous day's open int. Calls 9,295, Puts 3,194

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	9.31	3.34	—	—	0.01	6.58	—	—
94	6.35	7.01	—	—	0.00	1.83	—	—
96	4.47	5.41	—	—	0.17	2.01	—	—
98	3.10	4.29	—	—	6.44	2.53	—	—
100	1.57	3.27	—	—	1.27	3.51	—	—
102	1.00	2.37	—	—	2.34	4.81	—	—
104	0.30	1.58	—	—	6.00	6.18	—	—
106	0.12	1.24	—	—	6.46	7.48	—	—

Estimated volume total, Calls 842, Puts 480
Previous day's open int. Calls 811, Puts 1,188

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July	Sept
1.20	—	32.66	—	—	—	0.00	—	—
1.25	—	27.66	—	27.00	—	0.00	—	0.10
1.30	22.66	22.66	—	22.66	0.00	6.01	—	0.30
1.35	17.66	17.00	17.56	17.66	0.00	6.07	0.27	0.75
1.40	12.96	12.96	12.66	12.66	6.05	0.32	0.79	1.51
1.45	7.00	7.91	8.39	8.05	0.36	1.06	1.87	3.05
1.50	6.81	4.52	5.25	5.97	1.52	2.67	3.73	5.17

Estimated volume total, Calls 122, Puts 114
Previous day's open int. Calls 5,372, Puts 5,421

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July	Sept
1.20	—	32.30	—	—	—	0.05	—	—
1.25	—	27.30	—	27.30	—	0.10	—	0.25
1.30	—	22.30	—	22.30	—	0.30	—	0.40
1.35	17.30	17.30	—	17.30	0.16	0.30	—	0.90
1.40	12.30	12.30	12.30	12.60	0.25	0.40	0.80	1.80
1.45	7.40	7.96	8.00	8.75	0.00	1.25	1.90	3.40
1.00	8.00	4.35	4.00	5.85	1.50	3.00	3.90	6.50

Previous day's open int. Calls 4,053, Puts 3,433
Volume, 122

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July	Sept
1.20	—	32.20	—	32.30	—	—	—	0.05
1.25	—	27.20	—	27.30	—	—	—	0.10
1.30	22.20	22.20	—	22.30	—	—	—	0.30
1.35	17.20	17.20	17.30	17.30	—	0.05	0.20	0.75
1.40	12.20	12.20	12.36	12.60	0.06	0.30	0.00	1.50
1.45	7.40	7.80	0.15	0.65	0.25	0.95	1.65	—
1.50	6.45	4.10	4.80	5.70	1.35	2.60	3.40	4.66

Previous day's open int. Calls 60,086, Puts 40,158
Previous day's volume. Calls 2,291, Puts 54

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
00.00	3.25	—	—	—	0.00	—	—	—
00.50	2.75	2.79	—	—	0.00	0.00	—	—
91.00	2.26	2.29	—	—	0.00	0.00	—	—
01.00	1.76	1.00	1.70	—	0.00	0.01	0.00	—
92.00	1.26	1.32	1.26	—	0.00	0.03	0.11	—
92.50	0.78	6.87	0.86	—	0.02	0.00	0.21	—
93.00	0.35	0.49	0.52	—	0.09	0.20	0.37	—

Previous day's open int. Calls 3,104, Puts 2,311
Volume, 93

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	100-16	100-28	99-16	101-29
Sept	99-25	99-31	98-21	101-03
Dec	98-31	99-02	97-29	100-09
March	98-09	98-09	97-00	99-10
June	97-19	97-10	97-02	98-26
Sept	96-31	96-31	95-23	98-06
Dec	96-13	96-13	95-10	97-21
March	95-29	95-29	95-09	97-06
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	94.24	94.28	94.18	94.34
Sept	94.33	94.37	94.26	94.43
Dec	94.21	94.26	94.16	94.33
March	94.02	94.04	93.97	94.14
June	93.76	93.84	93.77	93.84
Sept	93.57	93.63	93.57	[illegible]
Dec	93.43	—	93.43	[illegible]
March	93.27	—	93.27	93.42

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	—	—	—	93.64
Sept	—	—	—	93.66
Dec	—	—	—	93.53
March	—	—	—	93.32

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.27	93.29	93.21	93.34
Sept	93.28	93.30	93.21	93.36
Dec	93.14	93.23	93.07	93.26
March	92.91	92.96	92.85	93.02
June	92.68	92.75	92.60	92.79
Sept	92.44	92.51	92.36	92.57
Dec	92.22	92.29	92.15	92.36
March	92.03	92.10	91.94	92.18

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	126-2	127-10	126-01	128-02
Sept	126-30	127-17	126-16	128-11
Dec	126-29	—	—	128-16
March	126-23	—	—	126-16

Est. Volume 13,677 (8,237)
Previous day's open int. 14,741 (14,067)
Basis quote (clean cash price of 13¼% Treasury 2004/08 less equivalent price of near futures contract) −4 to 4 (32nds)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
June	103-35	103-45	103-12	103-52
Sept	103-55	—	—	104-08

Est. Volume 157 (210)
Previous day's open int. 1,174 (1,133)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	90.46	90.66	90.41	90.56
Sept	91.05	91.16	91.01	91.20
Dec	91.16	91.25	91.15	91.30
March	91.17	91.23	91.16	91.29
June	91.04	91.10	91.10	91.17

Est. Volume 6,116 (2,832)
Previous day's open int. 18,333 (18,163)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	164.10	166.35	164.05	167.25
Sept	166.35	—	—	169.5
Dec	168.55	—	—	172.00
March	[illegible]	—	—	168.50

Est. Volume 520 (386)
Previous day's open int. 1,813 (1,843)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	93.28	93.38	93.22	93.48
Sept	93.29	93.41	93.23	93.54
Dec	93.15	93.30	93.12	93.41
March	92.93	93.09	92.92	93.19
June	92.70	92.85	92.72	92.96
Sept	92.49	92.61	92.58	92.75
Dec	92.30	—	—	92.56

Est. Volume 7,633 (3,519)
Previous day's open int. 19,183 (19,146)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	100-15	101-22	99-20	103-12
Sept	100-05	100-22	100-14	102-17
Dec	99-27	—	—	101-24

Est. Volume 10,861 (6,067)
Previous day's open int. 7,918 (8,063)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5240	1.5189	1.5116	1.5017	1.4870

IMM—STERLING $e per £

	Latest	High	Low	Prev
June	1.5200	1.5220	1.5145	1.5075
Sept	1.5090	1.5110	1.5045	1.4975
Dec	1.5020	1.5020	1.4970	1.4875

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5165	1.5181	1.5110	1.5050
Sept	1.5090	—	—	1.4950
Dec	1.5000	—	—	1.4850

Est. Volume 615 (83)
Previous day's open int. 2,436 (2,403)

MONEY MARKETS

UK rates show slight rise

Interest rates were slightly firmer in London yesterday. Recent bullishness was jaded a little by a poor performance in the US bond market. This probably allowed the Bank of England to take out the day's shortage without resorting to any reinforcement on its recent message to slow down the pace of declining interest rates.

Much of the day's shortage was outside the discount market with overnight interbank money touching 13 per cent on the Bank's very small late help. Rates had been as low at 10½ per cent but late balances commanded 11 per cent. Three-month interbank money was quoted at 10⅛-10⅛ per cent compared with 10¼-10¼ per cent on Tuesday.

The Bank of England forecast a shortage of around £850m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £132m and Exchequer transactions a further £485m. There was also a rise in the note circulation of £95m and banks brought forward balances £135m below target.

The Bank gave assistance in the morning of £284m through outright purchases of £80m of eligible bank bills in band 1 at 10½ per cent and in band 2 £14m of local authority bills and £129m of eligible bank bills all at 10⅛ per cent. In band 3 it bought £57m of eligible bank bills at 10½ per cent and £4m in band 4 at 10⅛ per cent.

The forecast was revised to a shortage of around £800m before taking into account the early help and the Bank gave additional assistance in the afternoon of £420m. This comprised outright purchases of £8m of eligible bank bills in band 1 at 10½ per cent, £271m in band 2 at 10⅛ per cent, £130m in band 3 at 10½ per cent and £11m in band 4 at 10⅛ per cent. Late assistance came to £5m, making a total of £709m.

In Frankfurt there was growing speculation that the Bundesbank may cut its Lombard rate at today's meeting of the central council. The chances of another discount rate cut, however, are considered remote. Call money rose yesterday as funds were drained by a maturing sale and repurchase agreement of DM 8.4bn. Commercial banks sought funds to meet end of month minimum reserve requirements, putting further upward pressure on short term rates.

UK clearing banks base *lending rate* 10½ *per cent* since April 21

NEW YORK RATES
(Lunchtime)

Prime rate	8½
Broker loan rate	7¾
Fed funds	7½
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	5.78
Two month	6.01
Three month	6.27
Six month	5.36
One year	6.46
Two year	6.73
Three year	6.93
Four year	7.03
Five year	7.13
Seven year	7.25
10 year	7.34
30 year	7.43

MONEY RATES

April 23	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'tn
Frankfurt	4.60-5.00	4.45-4.60	4.35-4.50	4.35-4.50	4.35-4.50	5.5
Paris	8	7¼-7⅝	7⅛-7⅛	7⅝-7½	7⅛-7⅛	7¾
Zurich	7⅛-1⅛	4⅛-4¼	—	4⅛-4⅛	—	—
Amsterdam	5⅝-5¾	5⅛-5⅛	—	6¼-5⅛	—	—
Tokyo	4.09375	4.53125	—	0.59125	—	—
Milan	14⅝-14¾	13¾-14⅛	—	13⅝-16¾	—	—
Brussels	6.05	6⅛-6⅛	—	7⅛-8⅛	—	—
Dublin	13⅝-12¾	18¼-12½	11½-11¾	11¾-11½	10¼-10⅝	—

FT LONDON INTERBANK FIXING
(11.00 a.m. April 23)

Three months US dollars		Six months US dollars	
bid 6⅛	offer 6⅛	bid 6⅛	offer 6⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

April 23	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10½-10	11⅛-11⅛	10¾-10⅞	10¼-10⅛	0⅛-10	8⅛-9⅛
Sterling CDs	—	—	10⅛-10⅞	10⅛-10¼	8⅛-9⅞	9⅛-9⅛
Local Authority Depos	11¾-11⅛	10⅞-11	10⅛	10⅛	9⅛	9⅛
Local Author'y Bonds	—	—	10⅞	10⅞	10⅛	0⅛
Discount Mkt Depos	10-11⅛	11¼	10⅛	10	—	—
Company Depos	10⅝-11¾	11⅛-11⅝	10⅝-10⅞	10¼-10⅝	—	—
Finance House Depos	—	—	10¾	10¼	0⅞	0⅛
Treasury Bills (Buy)	—	—	10⅛	0⅛	—	—
Bank Bills (Buy)	—	—	10⅛	10⅛-10⅛	9⅛	—
Fine Trade Bills (Buy)	—	—	11⅛	10⅛	8¾	—
Dollar CDs	—	—	6.70-6.75	6.65-6.70	6.60-6.65	6.70-6.75
SDR Linked Depos	—	—	6⅛-6¾	6⅛-6⅛	0¼-0½	6⅛-6⅛
ECU Depos	—	—	7⅛-8	7½-7⅝	7⅛-7¼	7-7⅛

Treasury Bills (sell): one-month 10¼ per cent; three-months 9½ per cent. Bank Bills (sell): one-month 9⅝-9⅝ per cent; three-months 10 per cent. Treasury Bills: Average tender rate of discount 9.6031 per cent. ECGD Fixed Finance Scheme IV reference date March 5 to April 1 (inclusive): 11.677 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ per cent from April 1 1986. Bank Deposit Rate for sums at seven days' notice 5½-5 per cent. Certificates of Tax Deposits (Series 6): Deposit £100,000 and over held under one month 10¼ per cent; one-three months 10 per cent; three-six months 9¾ per cent; six-nine months 9½ per cent; nine-12 months 9¼ per cent. Under £100,000 9¼ per cent from April 21. Deposits held under Series 5—per cent. Deposits withdrawn for cash 9 per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

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AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
108	82	‡Midland Marts	102	.....				
78½	61	Mitchell Cotts	63	–1	4.0	2.1	5.2	12.9
109	81	‡Monks & Crane 10p	105	.....	4.25	1.5	5.5	(8.9)
297	210	Morgan Crucible	263	–14	R2.7	2.7	3.6	14.4
22½	15½	‡Morris (W) F.A. 20p	21	–½	8.5	♦	4.3	♦
113	96	Moss (Robt.) 10p	97	+1	p0.5	♦	3.4	♦
109	65	Myson Grp 10p	92	.....	13.0	2.7	4.4	10.4
365	259	‡NMW Computers	355	–10	2.63	♦	4.1	♦
40	27	Nash Inds.	32	.....	6.0	5.0	0.9	20.4
28	16	Neil & Spencer 10p	19	.....	0.5	—	2.2	—
36	28	Newman Inds 10p	35xd	–1	♦	—	—	5.7
65	50	Nolton	56	.....	0.8	♦	3.3	♦
130	96	‡Norank Systems 5p	116	.....	0.95	5♦	2.4	8.0
263	187	Norcros	245	–1	43.0	♦	3.6	♦
69	49	Nu-Swift 5p	68	.....	18.6	2.0	4.9	13.3
100	80	Oakwood Grp.	100	+7	13.0	1.9	6.2	11.0
243	203	Office & Elect	242	.....	5.0	1.3	7.0	13.9
102	70	Oldacre 20p	90	.....	17.5	2.6	4.4	12.4
36	24	‡Optometrics $0.01	24	–1	14.0	2.6	6.3	8.0
675	500	Oriflame £1	650	.....	[illegible]	2.1	6.5	8.0
10	8	Overstone 12½p	9	.....	24.5	♦	0.2	♦
£275	£226	Ozalid 9pc Cnv 87-92	£265xd	.....	903.23c	1.9	11.6	4.5
100	95	‡PCT Grp 10p	95	.....	Q9%	—	13.4	—
£20½	950	PLM 'B' Sk 25	£15¼	–¼	3.2	1.2	6.9	23.0
164	114	PSM Intl	164	+2	023.2%	0.3	4.2	—
255	167	‡Pacer Systems $0.01	245	+10	5.5	♦	4.8	♦
78	60	‡Pacific Sales 10p	60	.....	Lq03.84c	3.4	1.1	27.4
283	225	Park Place 10p	239	+2	3.0	1.2	7.0	16.4
425	246	Parker Knoll 'A'	415	–3	16.25	1.9	3.7	20.1
					19.5	2.9	2.2	15.1

LEISURE—Continued

1986 High	Low	Stock
69	56	Leisuretime Int 10p
115	100	‡Lowndes
220	160	‡Media Tech Int 20p
175	145	Medminster 10p
220	130	‡Mass World 10p
78	62	Nationwide Leisure
17	13½	‡Noble Int 20c
34½	23	‡Owners Abroad 3p
90	46	Photax (Lon.)
34	29½	‡P'dilly Radio NV 5p
50	37	‡Pineapple Dnc St 10p
391	280	Pleasurama 5p
178	136	Do. 7pcCrCnRedPf
134	89½	‡Pves Entertain 50p
38	18	‡Radio City 'A' NV
37	33	‡Radio Clyde N/V
368	322	Really Useful Grp 5p
64	53	Riley Leisure 10p
230	188	Saga Hols. 20p
355	260	Samuelson Grp 20p
118	73	‡Savigers Photo 10p
175	142	‡Scantro 50p
397	189	Scott. TV 'A' 10p
294	173	Sec.Co Inc $0.125
18½	7	‡SelecTV 10p
37	20	‡Spectrum 5p
43	31	TSW 5p
210	150	TVS N/Vtg 10p

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

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TRUSTS, FINANCE, LAND

Investment Trusts

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Finance, Land, etc.

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

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Rubbers, Palm Oil

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MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

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Finance

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Tins

Miscellaneous

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REGIONAL & IRISH STOCKS

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £675 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr 14	Apr 24	Apr 25	May 6
Apr 28	May 8	May 9	May 19
May 12	May 29	May 30	Jun 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Gilts lead general market retreat

FT index down 27.8 at 1362.0

Wall Street influences were the major factor behind a sharp setback on domestic financial markets yesterday. The overnight transatlantic setback, especially in US bonds which sustained heavy losses in the face of persistent weakness in the dollar, quickly undermined confidence in London where the underlying tone had been looking rather fragile over the past two trading sessions.

Government stocks led the retreat and closed with falls extending to 2 points. Reflecting the weakness in blue chips, the Financial Times Ordinary share index ended the day with a fall of 27.8 at 1,362.0. The more broadly based FT-SE index sustained a loss of 32.5 at 1,632.70.

Uncertainty over the future course of interest rates was the prime reason for the day's reaction. Hopes had been pinned on a further small cut in base rates soon, but a further decline in the dollar yesterday gave rise to fears that the US would be unable to lead the way in a further reduction in rates.

Dealers opened leading equities sharply lower at the outset. However, there were few signs of any significant selling at the lower levels and a technical rally ensued. But with genuine buyers continuing to show a marked reluctance, quotations began to trend easier again and closed around the day's lowest.

Government securities suffered a similar fate. Long-dated issues extended late overnight falls of around ½ by a further point at the opening. Thereafter, trading conditions were extremely thin and volatile and, with the tone deteriorating further in the late afternoon following another sharp setback in the US bond market at the opening yesterday, quotations eventually fell away further to finish with losses ranging to around 2 points. Falls in the mediums and shorts ranged to a point and occasionally more.

Hambros Trust jump

Early interest in the Financial sector centred upon Hambros Trust and its parent company, Hambros, following details of the latter's restructuring and agreed bid for HT. Hambros Trust quickly soared to 360p on the cash and share-exchange terms before closing 52 up on the day at 342p. Hambros, meanwhile, outstanding of late amid takeover speculation which led to their suspension on Monday, returned to the market at 285p, compared with the suspension price of 303p, and closed at 265p. Elsewhere, Mercury International advanced 30 to 815p, but Guinness Peat gave up 4 at 95p following details of the company's launch of a £25m eurosterling equity warrants note issue. Standard Chartered dropped 27 more for a two-day fall of 56 at 812p, after 804p, on fading hopes of a counter offer and rumours that the company is about to bid for Exco in defence against the unwelcome offer from Lloyds; Exco touched 235p before closing 9 better on balance at 232p. Bank of Scotland reflected slight disappointment with the preliminary profits and lost 5 at 416p, while NatWest, at 885p, and Lloyds, at 388p, declined 10 and 6 respectively.

Leading Buildings were marked progressively lower in the face of some fairly persistent selling. Blue Circle closed 17 down at the day's lowest of 663p while BPB Industries gave up 7 at 465p. RMC lost 4 at 666p and Redland fell 9 to 435p. AMEC came on offer at 288p, down 7, while George Wimpey lost a penny at 178p awaiting today's annual results. Taylor Woodrow were dull and shed 10 to 613p and Costain eased 6 to 520p. Secondary issues presented a mixed appearance. Gleeson firmed 5 to 375p following good half-year figures and a confident statement, while Persimmon attracted further buying interest and rose 11 to 234p. Dealings in Access Satellite were suspended at 45p pending clarification of the company's financial position.

Nervousness about today's first-quarter figures depressed ICI which fell away to close 21 lower at 929p. Laporte remained on offer at 355p, down 13, while Fosecco dipped 7 to 276p. Yorkshire Chemicals, a firm market recently on takeover hopes, slipped 5 to 120p, but Leigh Interests continued to attract buyers and added 3 more to 117p.

Stores flat

Investors continued to shy away from leading Retailers which displayed double figure falls in places. Confidence was again unsettled by the cautious tone of the latest CBI/FT joint survey. Woolworth dipped 35 to 835p despite the latest defence to the unwelcome offer from Dixons, 8 lower at 360p. Burton, 302p, and Harris Queensway, 274p, fell 16 and 12 respectively, while Gussies A closed 1 off at £10½. Mail-orders also lacked support with Empire 8 down at 184p and Freemans 12 cheaper at 424p. Laura Ashley eased a few pence to 304p following the annual results, while Ward White, due to reveal preliminary results next Monday and the subject of a "buy" recommendation from brokers de Zoete and Bevan, closed 16 lower at 294p. Bentalls, 9 cheaper at 181p, continued to react to profit-taking in the wake of the rejection of the tentative approach from Capital and Counties, while fading bid hopes left Martin Ford another 11 off at 72p. Dealings in Peters Stores were suspended at 52p—a fall of 8 on the day — pending clarification of the company's financial position.

Against the dull trend in Electricals, BSR rose 8 to 115p on rumours of a possible bid from high-flying Amstrad, 6 up at 531p. Takeover hopes continued to spur Crystalate which firmed 5 at 213p, while Atlantic Computer advanced 15 more to 290p on further consideration of the increased stake taken in the company by Panamanian concern, Peakburst Corporation. Rotaflex rose 4 more for a two-day jump of 97 at 307p following the surprise bid from Emess Lighting, up 3 more at 320p. International Signal and Control, on the other hand, fell 10 to 298p and recent speculative favourite Burgess Products declined 8 at 226p. The leaders typified the overall depressed trend. Persistent profit-taking left Cable and Wireless 20 lower at 700p and British Telecom 6 cheaper at 238p. BICC shed 5 at 363p as did Thorn EMI, at 497p. Plessey eased 4 to 230p and Racal the same amount to 198p.

Falls among the Engineering leaders ranged to double figures. Vickers fell 13 at 450p and Hawker dropped 12 to 599p, while GKN lost 10 at 339p. Elsewhere, Weir reflected fading bid hopes with a reaction of 15 to 125p and Delta declined 8 to 238p. Laird dropped 8 at 275p, 600 Group cheapened 6½ to 136p and Porter Chadburn relinquished 7 at 298p. By way of contrast, Jones and Shipman put on 14 to 122p in response to revived speculative buying.

Foods finished on a distinctly dull note. Cadbury Schweppes ended 5 lower at 175p, while United Biscuits settled 8 off at 248p. ASDA-MFI, at 154p, relinquished the previous day's gain of 6, while similar falls were noted in J. Sainsbury, 398p, and Tesco, 360p. Against the trend, Bejam gained 7 to 167p on speculative buying accompanied by vague takeover rumours.

Grand Metropolitan were a dull market and closed 12 down at 388p, while Ladbroke gave up 11 at 335p. Reports that Libya situation had reduced the number of American tourists coming to the UK depressed Kennedy Brookes which fell 14 to 238p and Garfunkels which lost 10 to 130p. Aberdeen Steak Houses were 4 lower at 58p for the same reason.

Associates Heat soar

One of the few firm features in the miscellaneous industrial sector yesterday was provided by Associated Heat Services which soared 90 to 445p on news of the bid approach from Compagnie Generale De Chauffe. Pacer Systems rose 10 to 245p following the chairman's confident address at the AGM, while bid hopes continued to help Rockware which closed 6 to the good at 54p. Johnsen and Jorgensen reflected speculative buying in a thin market with a gain of 20 at 132p and Cosalt moved up 4 at 89p. Marley, however, lost 3 at 127p, after 124p, following news of its acquisition of concrete brick manufacturers, Thermalite; Tarmac, which had agreed to buy Thermalite for £44m a short while ago, fell 20 to 476p. Cannon Street Investments lost 6 at 114p following the results and Extel reflected the current Demerger bid situation with a fall of 15 to 388p. British Aerospace lost 15 at 543p and Pearson dipped 14 at 456p. Glaxo, a further 25 off at 975p, led the leaders lower. Profit-taking left BTR 12 easier at 463p, Metal Box 10 down at 679p and Reed International 15 lower at 889p. Rank Organisation gave up 11 more for a two-day decline of 34 at 519p following de Zoete and Bevan's profits downgrading. BOC closed 8 easier at 348p.

Confirmation that the company is in discussions with British Caledonian regarding the two group's aircraft operations boosted International Leisure 5 to 118p.

The withdrawal of recent US support left Jaguar 17 cheaper at 456p. Components followed a similar trend with Armstrong Equipment 6 off at 117p, and Lucas 9 lower at 616p. Among Distributors, C. D. Bramall touched 314p in immediate response to the full-year figures, but later encountered scattered offerings and closed only a net penny to the good at 301p. Jessups hardened a few pence to 127p; the interim results are scheduled for next Wednesday.

British Printing and Communication dipped 9 to 288p after revealing annual results in line with most market expectations. Elsewhere in Paper/Printings, further consideration of the respective interim results lifted St Ives 10 more to 865p, but clipped a couple of pence from Cradley Print at 62p. Buyers displayed fresh enthusiasm for Ault and Wiborg, finally 4 dearer at 45p. PR concern Good Relations, supported recently amid persistent merger talk, dipped 10 to 150p awaiting news from the annual meeting.

Leading Properties presented a distinctly mixed appearance. Land Securities continued to attract buyers and firmed 6 more to 332p, but MEPC lost 10 to 365p. Stock Conversion, up 45 on Tuesday as bid rumours resurfaced, slipped 5 to 705p, but vague takeover hopes boosted Marler Estates 18 to 320p, after 325p. Rosehaugh lost 30 to 570p following slightly disappointing interim results and the proposed £59m rights issue, but Asda Property attracted fresh buying interest in a restricted market and gained 20 to 320p.

Leading Textiles lacked support with Courtaulds 12 lower at 266p and Dawson International 8 cheaper at 220p. Secondary issues, however, displayed some noteworthy gains. Stroud Riley Drummond were again active and touched 115p before closing only 5 to the good at 105p; the chairman stated yesterday that he knew of no reason for the recent strength of the company's shares. Speculative activity was also noted for Textured Jersey, finally 6 to the good at 188p, and Burmatex, 4 up at 160p. R. Smallshaw, the knitted garment manufacturer, advanced 5 to 63p in response to the increased full-year profits.

The oil sector remained under pressure throughout the day reflecting continuing concern that crude oil prices could fall afresh as OPEC members press for cuts in non-OPEC oil production. BP were particularly weak and dropped 11 to 530p on growing unease about the possibility of Distillers selling its near 20m BP shares following the Guinness takeover. Shell settled a few pence down at 767p while Britoil lost 6 at 165p. Enterprise were 4 cheaper at 136p and LASMO dipped 5 to 123p. Tricentrol resumed their downward trend, slipping 5 to 45p, while reports that Japanese customers for Ultramar's LNG are seeking further reductions in prices put pressure on Ultramar which eased 3 to 175p. Second-liners suffered further losses across the board. Firstland Oil and Gas dipped 5 to 25p, Great Western lost a similar amount to 40p, New London dropped 4 to 24p and Charterhall fell 2 to 9p.

Overseas Traders were quietly mixed. Lonrho met renewed profit-taking on fading takeover hopes and settled 6 lower at 264p, but Thomas Borthwick put on 3 more to 47p as the re-rating continued. Buyers returned for Tozer Kemsley and Millbourn, 10 dearer for a two-day advance of 16 to 141p.

Renewed weakness in the dollar and recent cuts in international interest rates helped bullion make further progress and prompted a minor rally in South African gold shares — the first in seven trading sessions. Bullion moved up to around $347.5 during the morning but slipped back to around $346 in the afternoon before improving afresh to close a net 75 cents higher at $346.25.

Initial demand for Golds came from Johannesburg and reflected the easier trend in the Financial Rand. Thereafter, modest profit-taking set in and share prices came off the day's best levels towards the close. Heavy falls in UK equities unsettled London-domiciled Financials where Rio Tinto-Zinc lost 17 to 692p. Consolidated Gold Fields retreated 7 to 465p.

Traded Options

The gloomy performance of most underlying securities failed to stifle demand for Traded Options. Total contracts struck amounted to a healthy 26,413 comprising 16,898 calls and 9,515 puts. Business was well-spread throughout the list. British Telecom recorded 1,806 calls and 424 puts, while GEC were also lively and contributed 1,188 calls and 796 puts.

FINANCIAL TIMES STOCK INDICES

	Apr. 23	Apr. 22	Apr. 21	Apr. 18	April 17	Apr. 16	year ago
Government Secs	93.11	94.22	94.23	94.51	94.28	93.50	61.40
Fixed Interest	96.94	97.51	97.35	97.40	97.36	96.77	86.11
Ordinary ♦	1362.0	1389.8	1394.5	1405.1	1401.2	1379.4	968.5
Gold Mines	375.3	367.2	370.0	371.7	374.2	362.9	509.3
Ord. Div. Yield	3.85	3.80	3.82	3.84	3.84	3.89	4.71
Earnings, Yld. %(full)	9.79	9.60	9.55	9.48	9.41	9.61	11.28
P/E Ratio (net) (*)	12.68	12.77	12.84	13.14	13.12	12.87	10.87
Total bargains (Est.)	29,672	29,673	30,866	31,329	31,083	33,664	24,083
Equity turnover £m.	—	722.81	811.00	838.12	830.35	1328.81	422.07
Equity bargains	—	27,654	28,877	27,846	26,812	34,423	19,308
Shares traded (ml)	—	375.7	353.3	387.1	309.8	463.2	180.3

♦ 10 am 1,372.5. 11 am 1,376.9. Noon 1,376.1. 1 pm 1,375.4. 2 pm 1,373.3. 3 pm 1,371.0. 4 pm 1,366.5. Day's High 1,378.2. Day's Low 1,362.0. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974. Latest Index 01-246 8026. * Nil=12.07.

HIGHS AND LOWS / S.E. ACTIVITY

	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low	Indices	Apr. 22	Apr. 21
					Daily		
Govt. Secs.	94.51 (18/4)	80.32 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)	Gilt Edged Bargains	145.8	190.7
Fixed Int.	97.51 (22/4)	86.66 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	179.2	189.7
					Value	1460.8	1,235.0
					5-day Average		
Ordinary	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)	Gilt Edged Bargains	176.5	184.7
Gold Mines	367.0 (27/1)	237.3 (2/1)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	191.2	203.0
					Value	1710.5	1,738.0

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 7	Apr 16	July 10	July 21
Apr 21	May 2	July 24	Aug 4
May 6	May 16	Aug 7	Aug 18
May 19	June 6	Aug 28	Sept 8

For rate indications see end of Unit Trust Service

Call options were taken out in Berekeley and Hay Hill, George Wimpey, Raine Engineering, Lasmo, SelecTV, Spong, Stormgard, John Brown, Sycamore, Alpine Soft Drinks, Chloride, Pilkington, Southwest Resources, Sound Diffusion, BSG International, STC, Swire Pacific A, Five Oaks, Rotaflex, Mnemos, Unigroup, Norfolk Capital and Abaco Investments. A put was done in Sound Diffusion, but no doubles were reported.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (111)

NEW LOWS (49)

RISES AND FALLS YESTERDAY

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Wed April 23 1986

FIXED INTEREST

TUESDAY'S ACTIVE STOCKS

YESTERDAY'S ACTIVE STOCKS

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 47,092

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

WORLD STOCK MARKETS

AUSTRIA

April 23	Price Sch.	+ or −
Creditanst'lt pp	2,410	+50
Goesser	3,750	−100
Interunfall	16,000	+100
Jungbunzlauer	30,300	−600
Laenderbank	8,150	
Perlmooser	700	−2
Steyr Daimler	302	+4
Veitscher Mag	11,350	−300

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Danish Kroner.

CANADA

TORONTO

Prices at 2.30pm April 23

[illegible]

MONTREAL

Closing prices April 22

[illegible]

Sales	Stock	High	Low	Close	Chng
7800	Poco Pet	$8¼	8	8	−⅛
10500	Powr Cor I	$32⅞	32⅛	32⅞	+½
2850	Precamb	330	315	330	+15
7025	Provigo	$19⅛	19	19¼	+¼
3000	Que Sturg	370	360	360	−10

Sales	Stock	High	Low	Close	Chng
24242	Provigo	$19⅛	16⅞	19¼	+1¼
300	RollandA	023½	23⅝	23⅝	
29851	Royal Bank	$32¾	32⅛	32¼	−¼
2500	RoyTrsco	$34¾	34⅝	34¾	+⅛
9485	SteinbrgA	$49⅞	48⅝	49½	+1⅛

F—No voting rights or restricted voting rights.

Indices

NEW YORK-DOW JONES

[illegible]

	April 18	April 9	April 2	Year Ago (Approx)
Ind div yield %	2.99	3.11	3.09	3.85
Ind. P/E Ratio	17.20	16.56	16.67	11.27
Long Gov Bond Yield	7.18	7.34	7.34	11.28

STANDARD AND POORS

							1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Composite	241.52*	242.42	244.74	242.38	243.03	242.22	244.74 (21/4/86)	203.49 (22/1)	244.74 (21/4/86)	4.40 (1/6/32)

N.Y.S.E. ALL COMMON

April 23	April 22	April 21	April 18	1985 High	1985 Low
139.27*	138.86	141.07	138.87	140.89 (17/4/86)	117.75 (22/1)

RISES AND FALLS

	April 22	April 21	April 18
Issues traded	2,060	2,053	2,058
Rises	648	1,217	881
Falls	1,012	859	770
Unchanged	400	377	417

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
AT&T	3,509,400	24⅞	−⅛
Philadelph Elec	2,079,600	19	−⅛
Sealand	1,958,500	29⅜	+1
W. R. Grace	1,756,700	54⅞	—
Sears Roebuck	1,584,500	45	−2⅞
Navistar	1,441,100	11⅞	−⅛
Middle S. Util	1,411,500	14⅞	—
Eastman Kodak	1,398,700	60⅞	+1⅛
Duquesne Lt	1,325,000	14	—
K Mart	1,286,600	48	−⅛

TORONTO	April 23	April 22	April 21	April 18	1985/86 High	1985/86 Low
Metals & Minls	2,178.8*	2,175.8	2,193.8	2,206.52	2,442.85 (21/3/86)	2,067.1 (2/1)
Composite	3,093.8*	3,098.1	3,121.8	3,123.11	3,129.11 (18/4/86)	2,754.8 (11/2)
MONTREAL Portfolio	1,587.8*	1,596.84	1,613.35	1,620.25	1,623.33 (18/4/86)	1,386.6 (22/1)

* Indicates pre-close figure

	Apr. 23	Apr. 22	Apr. 21	Apr. 18	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1207.5	1206.5	1210.4	1215.7	1218.7 (18/4)	1010.8 (2/1)
Metals & Minls. (1/1/80)	531.8	530.7	558.5	544.7	602.0 (24/1)	492.5 (2/1)
AUSTRIA						
Credit BK Aktien (2/1/62)	130.69	129.89	127.88	124.05	130.69 (23/4)	110.12 (5/3)
BELGIUM						
Brussels SE (1/1/80)	3681.25	3657.21	3616.60	3598.48	3681.25 (23/4)	2788.81 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	248.64	250.27	250.70	250.70 (18/4)	214.37 (21/1)
FRANCE						
CAC General (31/12/82)	391.0	386.1	380.0	373.20	391.0 (23/4)	267.8 (2/1)
Ind Tendance (31/12/85)	148.5	146.6	144.4	141.5	148.5 (23/4)	101.6 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	724.94	747.90	739.46	742.58	753.88 (17/4)	618.14 (27/2)
Commerzbank (1/12/53)	2204.0	2268.7	2241.5	2255.5	2278.8 (17/4)	1865.6 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	1785.19	1792.98	1786.50	1780.40	1826.84 (8/1)	1559.94 (19/3)
ITALY						
Banca Comm Ital. (1972)	764.29	769.54	774.95	764.85	774.95 (21/4)	454.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	15748.8	15712.6	15827.5	15764.81	15859.7 (31/3)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1249.55	1252.26	1260.57	1254.58	1265.83 (31/3)	1025.85 (21/1)
NETHERLANDS						
ANP-CBS General (1970)	271.5	272.4	271.8	272.0	275.9 (17/4)	240.4 (5/3)
ANP-CBS Indust (1970)	257.8	258.7	258.7	258.5	258.7 (17/4)	234.0 (5/3)
NORWAY						
Oslo SE (4/1/83)	361.24	359.54	368.64	355.59	402.91 (16/1)	341.33 (11/3)
SINGAPORE						
Straits Times (30/12/66)	578.65	582.97	584.06	584.01	644.89 (6/1)	567.20 (14/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1181.5	1109.1	1112.5	1507.9 (27/1)	1109.1 (21/4)
JSE Indust (28/9/78)	—	1085.8	1082.2	1096.7	1203.1 (20/3)	1068.5 (2/1)
SPAIN						
Madrid SE (30/12/85)	172.56	173.44	170.90	165.57	173.44 (22/4)	100.85 (3/1)
SWEDEN						
Jacobson & P (31/12/58)	(u)	2372.95	2312.05	2361.88	2372.95 (22/4)	1729.57 (29/1)
SWITZERLAND						
Swiss BankCpn (31/12/58)	595.5	605.5	(c)	608.0	625.5 (8/1)	554.7 (28/1)
WORLD						
M.S. Capital Intl. (1/1/70)	—	311.7	322.2	318.5	322.2 (21/4)	249.5 (23/1)

** Saturday April 19: Japan Nikkei 15,826.6. TSE 1,256.41.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 2pm prices*

Continued from Page 41

[illegible]

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES		
As. Heat Servs	445	+90
Atl Computers	290	+15
BSR Intl.	115	+8
Bejam	167	+7
Exco Intl.	232	+9
Hambro Trust	342	+52
Johnsen & Jorg	132	+20
Jones & Ship	122	+14
Marler Estates	320	+18
Smallshaw (R.)	63	+5
Tozer, Kemsley	141	+10
FALLS		
Tr 13½% '04-08	£140	−2⅛
Blue Circle	663	−17
BP	530	−11
BPCC	288	−9
Burton	302	−16
Courtaulds	266	−12
Empire Stores	184	−8
Ford (Martin)	72	−11
Glaxo	975	−25
Grand Met	388	−12
Hambros	265	−38
ICI	929	−21
Jaguar	456	−17
Standard Chart	812	−27
Tarmac	478	−20
Tricentrol	45	−5
Vickers	480	−13
Weir Group	125	−15
Woolworth	835	−35

Prices at 2pm, April 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div	Yld	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24	10⅝	AAR s	.44	1.0	22	72	23⅜	22¾	23⅜	+⅝
26½	11½	AFG s			16	66	27½	27	27¼	−⅛
25⅜	12⅜	AGS			15	61	20⅞	20⅝	20¾	+¼
15	9⅞	AMCA				16	12⅝	12⅜	12⅜	−⅜
60½	37½	AMR			12	3352	58⅝	57⅛	57⅛	−1¼
37½	23¼	ANR pf	2.67	9.9		2	27	27	27	−½
12½	7⅝	APL			7	57	12⅛	12	12⅛	+⅛
16¾	10⅜	ARX			14	28	15¾	15⅝	15¾	−⅛
53½	32¾	ASA	2a	5.3		313	38	37⅝	37⅞	+⅛
18⅝	10½	AVX		3.2		96	14⅞	14⅝	14¾	−⅛
32	22½	AZP	2.72	8.6	8	735	31¾	31⅜	31⅛	−⅛
81⅞	49½	AbtLab	1.68	1.9	21	1360	87⅞	85½	87	−1¼
31⅞	18⅝	AccoW	.50	1.7	21	43	30	29⅝	29⅝	−⅛
24¾	10	AcmeC	.40	2.9	20	16	13¾	12½	13¾	+¼
9¼	7	AcmeE	.32b	4.0	20	4	8	7⅞	8	+⅛
19⅞	16⅜	AdaEx	1.90e	9.6		52	19¾	19⅝	19⅝	−⅛
29	18	AdmMl	.40	1.4	13	12	28	27⅞	28	
20⅜	8¾	AdvSys	.36t	7.8	17	121	18½	17¾	18	
32⅞	22⅛	AMD				1468	29⅝	29½	29⅝	−⅛
12⅝	6¼	Adobe n				31	9⅛	8⅞	8⅞	−⅛
18⅜	14⅝	Adob pf	1.84	11.		48	16½	16⅜	16⅜	
20¼	15¼	Adob pf	2.40	12.		33	19⅜	19¼	19¼	−⅛
17¾	6⅛	Advest	.12a	.7	15	86	16¾	16⅜	16⅜	−⅛
66¼	40⅜	AetnLf	2.64	4.6	16	3834	62⅝	61⅝	61¾	−1¼
57½	52⅞	AetL pf	4.97e	9.3		50	53¼	53⅛	53¼	−⅝
69¼	29	Ahmns	1.88	2.3	7	1495	64½	63⅜	63⅞	−¾
4¾	2½	Aileen			76	65	3⅞	3¾	3⅞	+⅛
83⅜	47½	AirPrd	1.40	1.8	18	328	80¾	80	80¼	−¼
27¾	17½	AirbFrt	.56	2.6	17	158	24¼	23⅛	23⅛	−1⅛
2⅞	⅜	AlMoan	.50c			96	½	½	½	+1-32
10¾	7½	AlaP dpf	.87	8.7		312	10¼	10	10	−⅛
103½	71½	AlaP pf	9	8.9		z50	101	101	101	−1
104¾	77½	AlaP pf	9.44	8.9		z2600u	106½	106½	106½	+4½
90¾	68¼	AlaP pf	8.28	9.3		z200	89½	89¼	89½	
26⅜	15¼	AlskAir	.16	.8	13	517	20⅜	20⅛	20¼	+⅛
32⅞	10½	Albrto s	.21	.7	32	9	32	31¾	31¾	
39	26⅞	Albtsns	.64	2.4	14	305	35½	34¾	34¾	−¾
34⅝	22¾	Alcan	.80	2.6		2199	31¼	31	31	
46¾	32	AlcoStd	1.24	2.9	19	311	43¾	43⅜	43⅜	−⅜
58	26	AlexAlx	1	2.7	21	540	36¾	36⅝	36¾	+¼
43	21⅝	Alexdr			72	10	37⅜	37¼	37¼	−⅛
101	75	AllgCp	1.54t	1.6	26	56	98⅞	98	98⅜	
26¾	16½	Algint	.35j	1.6		250	23	22⅞	22⅞	−⅛
20¾	15⅛	Algln pf	2.18	11.		12	19⅜	19¼	19¾	
98	79	Algl pfC	11.25	13.		9	90	90	90	−½
41½	20⅛	AllgPw	2.80	7.0	11	1647	40¾	40⅛	40⅛	−¾
27¼	14⅜	AllenGs	.56	2.3	14	460	25⅛	24⅝	24¾	−⅝
43	18½	AldPd			12	35	40¼	39¾	40	−½
54½	42	AldSgnl	1.80	3.5		3221	51⅜	51	51⅛	−¼
68	58¾	AldS pfC	6.74	11.		18	61⅜	61	61	−⅜
42⅜	25⅛	AldStr s	1.16	2.9	11	471	40⅝	40⅛	40¼	−½
9¾	4⅜	AlldSup			40	187	9⅛	8⅞	9⅛	+⅛
7⅜	3⅛	AllisCh				611	5½	5	5	−½
40¾	26¾	AlisC pf				1	37	37	37	−¼
35	26⅜	ALLTL	1.96	5.7	10	39	34⅞	34½	34⅝	−⅛
46⅜	29¾	Alcoa	1.20	3.0		1872	40⅞	40	40½	+⅝
17¾	10½	Amax				745	14⅜	14⅛	14⅛	−¼
54	18⅞	AmHes	.27j			872	19¼	19	19½	
140½	85	AHes pf	3.50	3.9		5	89½	88	89	−½
9⅜	1⅛	AmAgr				648	1¾	1⅝	1⅝	
31¼	17½	ABakr			12	158	30⅞	30	30	−1
88½	53¼	ABrand	4.05	4.6	12	4726	88⅜	85¾	87¾	+1¾
33¾	26⅝	ABrd pf	2.75	8.3		1	33⅝	33⅝	33⅝	+⅛
67⅝	54⅞	ABrd pf	2.67	3.0		1	u90	89	89	+2¾
30⅛	20⅞	ABldM	.66	3.0	20	30	26⅜	26¼	26⅜	+⅝

Continued on Page 41

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from Page 40

12 Month High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 2pm, April 23

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Currency factors dominate

THE WEAKNESS in the US dollar continued to hang over Wall Street yesterday, *writes Terry Byland in New York.*

Bonds suffered a fresh setback and short-term rates moved higher as prospects for another cut in the federal discount rate receded.

The stock market tried to steady after the severe shakeout of the previous session. Initial weakness in blue chip brought some institutional buying. But equities remained nervous, and traders kept a close eye on the stock index futures market, which pulled the trigger for Tuesday's late selling bout.

At 2pm, the Dow Jones industrial average was down 12.40 at 1,818.58.

Wall Street's concern that the dollar's fall might drive Japanese and other foreign buyers out of the US credit markets on the eve of the Treasury's heavy financing programme focused attention on the appearance before the House Commerce Sub-committee of Mr Paul Volcker, the Fed chairman.

Despite another round of overnight system repurchases by the Federal Reserve, short-term rates continued to rise sharply, three-month treasury bill rates to 6.08 per cent. Losses in bonds ranged to more than one point by midsession.

The flow of corporate results for the first quarter continued to enliven the stock market, but without inspiring much enthusiasm. US companies have yet to benefit from lower oil prices and interest rates, and lower earnings from General Motors and Chrysler seem to have set the scene for lacklustre results for the first quarter to 1986.

Oils were little impressed by higher profits from Exxon, the world's largest oil group, which added $\$\frac{1}{8}$ to $\$57\frac{1}{2}$. Mobil, which also reported profits this week, edged up $\$\frac{1}{4}$ to $\$29\frac{3}{4}$, and Atlantic Richfield at $\$52\frac{3}{4}$ added $\$\frac{1}{4}$. Sun Oil edged up $\$\frac{1}{4}$ to $\$46\frac{3}{4}$, also responding to trading figures.

Poor results from Data General bad been widely expected in the market, and the stock was unchanged at $44. The rest of the technology sector held steady, although Honeywell, down $\$\frac{7}{8}$ at $\$75\frac{3}{4}$, saw some selling.

On the consumer side, Anheuser-Busch, brewer of Budweiser beer, eased $\$\frac{1}{4}$ to $\$49\frac{3}{4}$ after trading figures. Colgate-Palmolive edged up $\$\frac{1}{4}$ to $\$39\frac{3}{4}$, also on the earnings report.

Lower earnings from Times Mirror took $1 off the stock price at $\$59\frac{3}{4}$. Fairchild Industries, however, made little response at $\$11\frac{1}{4}$ on the return to operating profits.

Pharmaceutical issues shaded lower despite the weakness in the dollar. Baxter Travenol fell $\$\frac{1}{8}$ to $\$18\frac{1}{4}$ on lower profits, and Abbott Laboratories shed $\$1\frac{1}{4}$ to $7. Among the speculative issues, Black & Decker jumped $\$1\frac{1}{2}$ to $23, taking the top spot in the NYSE actives list. The board denied knowledge of any reason for the spate of buying which anticipated the formal adoption of anti-takeover measures by the company at the end of the month.

There was a gain of $\$\frac{3}{4}$ to $\$8\frac{1}{2}$ in Eastern Air Lines on reports that Chicago businessman Mr Jay Pritzker may bid. Other airlines looked narrowly mixed as some profits were taken after the recent gains.

Another bout of selling took $\$1\frac{1}{4}$ off Manville Corp to $\$3\frac{3}{4}$ as investors shied away from changes in the reorganisation plan which would dilute the common stock.

In the financial sector, the picture was mixed as some bank stocks continued to respond favourably to recent results while others were unsettled by the rise in money market rates just as the industry was cutting prime lending rates.

BankAmerica, up $\$\frac{1}{8}$ at $\$17\frac{3}{4}$, continued to find buyers. But Chase Manhattan at $\$47\frac{3}{4}$ lost $\$\frac{1}{8}$ and Bankers Trust at $\$49\frac{3}{4}$ lost $\$\frac{1}{4}$.

In the credit markets, federal funds remained high at $7\frac{3}{8}$ per cent as the markets watched the foreign exchange markets for changes in the dollar, and Washington for reports from Mr Volcker's appearance before the House subcommittee.

The yield on the key long bond moved up sharply to 7.43 per cent, reflecting nervousness ahead of the Treasury funding programme and over inflation, which could be rekindled if the dollar extends its fall.

LONDON

Setback blamed on dollar

THE SHARP SETBACK in London financial markets yesterday was attributed directly to the overnight downturn on Wall Street where the bond market sustained heavy losses in the face of a persistently weaker dollar.

Gilts led the retreat and finished with falls of up to 2 full points.

Equities reflected the trend in government stocks, and the FT Ordinary index retreated 27.8 to 1,362.0. The more broadly based FT-SE 100 suffered a 32.5 fall to 1,632.70.

The unease was triggered over uncertainty on the course of interest rates. Hopes had been pinned on a further small cut in base rates soon, but another decline in the dollar yesterday gave rise to fears that the US would be unable to lead the way in a further reduction of rates.

Chief prices changes, Page 39; Details 38; Share information service, Pages 36–37

SOUTH AFRICA

DEMAND for gold shares in Johannesburg increased but most issues finished off their early highs.

Kinross displayed good progress with its R2 rise to R41.50, while Ventres at R17 picked up R1.

Most other mining and financial issues mirrored the trend in the gold sector. Impala Platinum firmed R1 to R29.75, diamond share De Beers traded 50 cents higher to R23 and Anglo American Corp picked up R1 to R42.25.

Industrials were mixed.

EUROPE

Rates still dictate the pace

INTEREST RATES continued to dictate the pace of trading in the European bourses yesterday which saw a fresh peak in Belgium and a short shake-out in Germany.

Brussels was boosted by a 34.04 rise in the Belgian Stock exchange index to a record 3,691.25 as domestic investors, spurred by the prospect of lower interest rates, turned out in force. Remarks by Mr Mark Eyskens, the Finance Minister, on tax concessions for investors, provoked little immediate response.

Wagons-Lits, the tourism and travel group, consolidated its gains of Tuesday by rising BFr 140 to BFr 5,990, while metals group Hoboken advanced by BFr 120 to BFr 7,920. Côte d'Or, the confectionery group, reversed part of its recent losses by ending BFr 110 up at BFr 3,760. Profit-taking was mainly blamed for losses suffered by ACEC and glassmaker St Roch, with the former down BFr 18 to BFr 1,424 and the latter shed BFr 125 at BFr 3,785.

Sentiment was partially encouraged by the Eyskens forecast of further cuts in official interest rates and hopes that the tax concessions would be passed in parliament this year.

Utilities reacted well to the rate forecasts and Intercom gained BFr 75 to BFr 3,975, while Ebes rose BFr 25 to BFr 4,810.

Industrial stocks made some solid gains with the bourse's bellwether Petrofina advancing BFr 90 to BFr 7,600.

Holding companies were mixed. Société Générale de Belgique lost BFr 30 to BFr 3,210 but Gevaert added BFr 160 to BFr 6,570 on news that Bayer, the West German chemicals group in which it has an interest, is to increase its dividend on 1985 earnings. Tractionel, the industrial and holding company was unchanged at BFr 5,860 after announcing that it had agreed to sell its frozen foods subsidiary Firma Viking to McCain Foods of Canada.

Thin **Frankfurt** trading saw profit-takers trigger large falls and cut the Commerzbank index by 56.7 points to 2,204.0. The dollar, now at a five-year low against the *D-Mark*, weighed on sentiment.

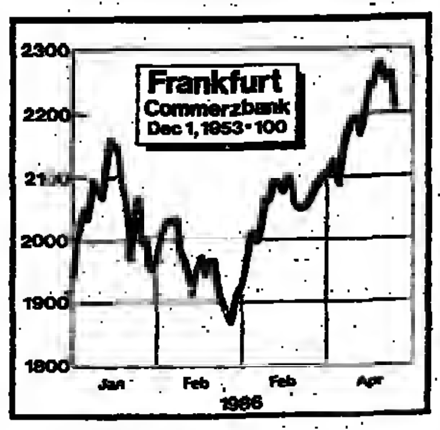
So when the leading chemical groups reported unchanged dividends for 1985, a less-than-kind view was taken by investors.

BASF gave up DM 6.60 to DM 318.50 despite higher earnings and Bayer fell DM 10.60 to DM 328 while Hoechst, which reported on Tuesday, retreated DM 5.10 to DM 309.

Dresdner was a casualty among banks with its DM 19.50 decline to DM 489.50, while Deutsche Bank lost DM 17.50 to DM 875.

Among the car makers, ever sensitive to dollar fluctuations, Daimler retreated DM 39 to DM 1,472 and VW slipped DM 12.10 to DM 644.40 in reaction to its agreement with Olivetti of Italy.

Bonds were quiet and up to 30 basis points lower. The Bundesbank bought DM 32.3m worth of paper after buying DM 55m on Tuesday.



Stockholm, awaiting the Government's supplementary budget due tomorrow, closed mixed to lower in moderate trading. Ericsson rose SKr 1 to SKr 299 on news that an agreement between Algeria and Sweden on telecommunications could lead to Ericsson winning a contract to modernise the Algerian telephone system.

Volvo, which is running into difficulties in its bid for all of Sonesssons because a major shareholder does not want to tender Sonessons stock, slipped SKr 1 to SKr 403. Sonessons also dropped SKr 1 to SKr 185. Asen held steady at SKr 500.

Paris was higher after heavy trading due to foreign demand and technical factors. **Oslo** also rose.

Amsterdam was quiet and ended lower, as did **Madrid** and **Zurich.**

Milan edged higher in fairly active trading.

HONG KONG

LACKLUSTRE trading was seen in Hong Kong with the public flotation of Cathay Pacific, now under progress, providing the main feature.

The Hang Seng index, 15 points lower at mid-morning, ended the regular half-day session 9.71 down on balance at 1,783.19. The Hong Kong index shed 6.35 to 1,107.42.

Selling pressure was again attributed to investors unloading existing holdings to buy Cathay shares.

Cathay's parent companies were among the more actively traded issues. Hongkong Bank put on 5 cents to HK$6.90 but Swire Pacific fell 30 cents to HK$13.40.

SINGAPORE

A DOUBLE dose of bad news sent Singapore lower and trimmed 6.32 points off the Straits Times industrial index to 578.85.

The downturn came with the release of unexpectedly heavy losses by Promet, which closed down 1 cent at $23\frac{1}{2}$ cents after an early record low of $27\frac{1}{2}$ cents. Trading in Promet accounted for over 16 per cent of the session's turnover.

This setback was coupled with a revised government forecast of a contraction in the economy compared with previous forecasts of zero growth.

AUSTRALIA

INITIAL profit-taking was reversed in Sydney as the bid battle for BHP developed. The All Ordinaries index gained 1.0 point to 1,207.3.

Mr Robert Holmes à Court indicated that he intended to pursue BHP further with an increased offer from Bell Resources. Gains of 10 cents each were recorded for BHP at A$7.44 and Bell at A$4.30, while Adelaide Steamship, which is reportedly interested in buying BHP scrip, retreated 15 cents to A$13.35.

TOKYO

Attention is focused on yen's rise

SPECULATIVE moves to take immediate capital gains dominated trading in Tokyo yesterday with blue chips neglected because of the turbulent foreign exchange market, *writes Shigeo Nishiwoki of Jiji Press.*

The Nikkei average rose 35.11 to 15,748.02 on lower turnover of 597m shares, against Tuesday's 824m. Losses led gains 506 to 349, with 123 issues unchanged.

Investor attention was riveted to the foreign exchange market, where the yen rose to another postwar high of 166.80 to the dollar at one stage.

Nippon Mining remained the busiest stock with 47.36m shares changing hands, and advanced Y12 to Y14. Much of the buying came after the company announced plans for a central Tokyo building project.

Encouraged by Nippon Minings advance, investors sought other issues engaged in urban redevelopment work. Nitto Boseki jumped Y61 to Y685 on the second heaviest trading of 27.90m shares. Shochiku and Korakuen rose Y100 to Y2,000 and Y101 to Y1,090, respectively.

Builders advanced on a broad front on speculation that the Government will shortly float Y2,000bn worth of construction bonds to stimulate domestic demand. Daiwa House gained Y130 to Y1,410, while Shimizu Construction closed Y27 higher at Y552 and Obhayashi Corporation Y23 at Y571. Tobishima added Y80 to Y480.

Profit-taking caused Honda Motor to lose Tuesday's Y40 gain, closing at Y1,210. Toyota Motor also turned down, falling Y30 to Y1,550.

Tokyo Electric Power firmed in very thin trading, but many other utilities lost ground. Oils rose with Nippon Oil ending Y80 up at Y1,190.

Export-oriented blue chips were generally cheaper, with Hitachi losing Y12 to Y884, NEC Y30 to Y1,520 and Canon Y20 to Y1,120.

Wide fluctuations were seen in bond trading. Investors were cautious after the yield on the bellwether 8.2 per cent government bond maturing in July 1995 plunged to a record low Tuesday. Mirroring a 0.20 per cent advance in the yield on the 30-year US Treasury bond in New York Tuesday, the barometer bond yielded 4.850 per cent temporarily, a sharp gain from 4.545 per cent.

But buying mounted as the yen gained against the dollar, bringing the yield down to 4.575 per cent.

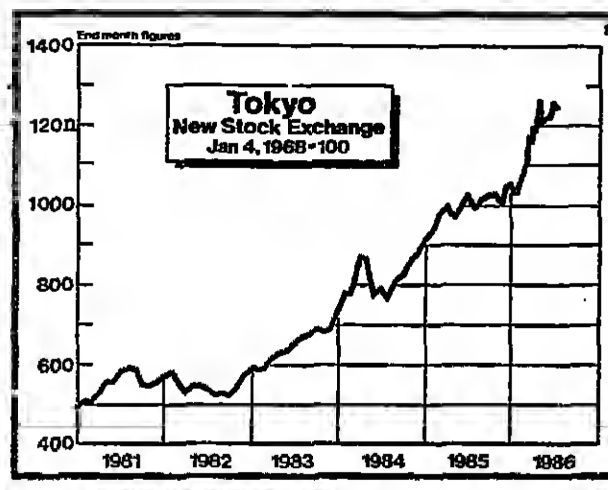
CANADA

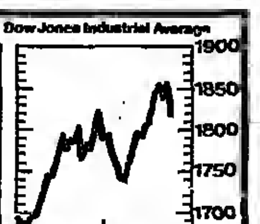
A SLIGHT decline was seen in active Toronto trading. TransCanada Pipe-Lines fell $\mathrm{C\$1\frac{1}{4}}$ to $\mathrm{C\$17\frac{3}{4}}$ after reporting lower first-quarter profits on Tuesday.

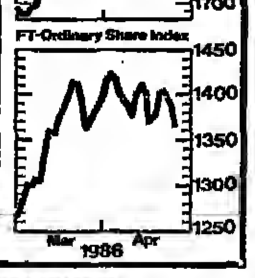
Massey-Ferguson rose 25 cents to C$3.85; Bell Canada dropped $\mathrm{C\$\frac{1}{4}}$ to $\mathrm{C\$40\frac{3}{4}}$ and Canadian Pacific rose $\mathrm{C\$\frac{1}{4}}$ to C$18.

Montreal turned lower on weaker industrials and utilities but banks and the oil and gas sector improved.

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	April 23	Previous	Year ago
DJ Industrials	1,818.58*	1,830.98	1,278.71*
DJ Transport	813.67*	815.63	586.36
DJ Utilities	187.83*	190.04	155.83
S&P Composite	240.64*	242.42	181.88
LONDON	APRIL 23	Prev	Year ago
FT Ord	1,362.0	1,389.8	962.5
FT-SE 100	1,632.7	1,665.2	1,284.9
FT-A All-share	803.64	816.39	619.62
FT-A 500	879.54	895.53	680.14
FT Gold mines	273.3	267.5	509.3
FT-A Long gilt	8.93	8.77	10.50
TOKYO			
Nikkei	15,748.02	15,712.91	12,124.1
Tokyo SE	1,248.55	1,252.26	951.08
AUSTRALIA			
All Ord.	1,207.3	1,206.3	860.0
Metals & Mins.	531.3	530.7	565.7
AUSTRIA			
Credit Aktien	130.69	129.98	79.59
BELGIUM			
Belgian SE	3,691.25	3,657.21	2,233.29
CANADA			
Toronto			
Metals & Minls	2,178.8*	2,176.0	2,023.0
Composite	3,093.9*	3,098.1	2,636.5
Montreal			
Portfolio	1,587.8*	1,596.56	130.45
DENMARK			
SE	n/e	248.64	192.44
FRANCE			
CAC Gen	391.0	385.1	213.0
Ind Tendance	148.8	145.8	75.0
WEST GERMANY			
FAZ-Aktien	724.94	747.9	424.65
Commerzbank	2,204.0	2,260.7	1,230.4
HONG KONG			
Hang Seng	1,783.19	1,792.9	1,511.63
ITALY			
Banca Comm.	764.20	760.58	275.14
NETHERLANDS			
ANP-CBS Gen	271.3	272.4	206.4
ANP-CBS Ind	257.8	258.7	166.4
NORWAY			
Oslo SE	361.23	359.34	316.26
SINGAPORE			
Straits Times	576.65	582.97	795.04
SOUTH AFRICA			
JSE Golds	–	1,131.3	1,087.6
JSE Industrials	–	1,085.8	895.8
SPAIN			
Madrid SE	172.36	173.44	81.31
SWEDEN			
J & P	236.73	2,372.95	1,435.35
SWITZERLAND			
Swiss Bank Ind	593.0	603.5	418.0
WORLD	April 22	Prev	Year ago
MS Capital Int'l	321.7	322.2	204.0

COMMODITIES

(London)	April 23	Prev
Silver (spot fixing)	335.35p	336.70p
Copper (cash)	£951.25	£945.50
Coffee (May)	£2,268.00	£2,256.00
Oil (Brent blend)	$12.15	$11.90

GOLD (per ounce)

	April 23	Prev
London	$346.25	$345.50
Zurich	$346.00	$344.25
Paris (fixing)	$349.52	$345.86
Luxembourg	$347.25	$343.75
New York (June)	$348.10*	$349.00

CURRENCIES

	US DOLLAR		STERLING	
(London)	April 22	Previous	April 22	Previous
$	–	–	1.524	1.514
DM	2.1935	2.1985	3.3425	3.3275
Yen	168.8	169.95	257.25	257.25
FFr	7.0025	7.0125	10.6725	10.6175
SFr	1.834	1.8425	2.795	2.79
Guilder	2.466	2.485	3.7575	3.7625
Lira	1,501.0	1,506.5	2,287.5	2,281.0
BFr	44.65	44.95	68.05	68.05
C$	1.3935	1.3895	2.126	2.102

INTEREST RATES

Euro-currencies (3-month offered rate)	April 23	Prev
£	$10\frac{7}{16}$	$10\frac{9}{16}$
SFr	$4\frac{1}{4}$	$4\frac{1}{4}$
DM	$4\frac{9}{16}$	$4\frac{9}{16}$
FFr	$7\frac{5}{8}$	$7\frac{1}{2}$
FT London Interbank fixing (offered rate)		
3-month US$	$6\frac{13}{16}$	$6\frac{3}{4}$
6-month US$	$6\frac{13}{16}$	$6\frac{3}{4}$
US Fed Funds	$7\frac{3}{8}$*	7
US 3-month CDs	6.4*	6.3
US 3-month T-bills	6.085*	5.86

US BONDS

Treasury		April 23* Price	Yield	Prev Price	Yield
$7\frac{1}{4}$	1988	$100\frac{22}{32}$	6.736	$101\frac{1}{32}$	6.511
$7\frac{1}{4}$	1993	$100\frac{13}{32}$	7.29	$102\frac{11}{32}$	6.943
$8\frac{7}{8}$	1996	$110\frac{2}{32}$	7.369	$112\frac{18}{32}$	7.071
$9\frac{1}{4}$	2016	$121\frac{13}{32}$	7.446	$124\frac{29}{32}$	7.2

Treasury Index Maturity (years)	April 23* Return index	Day's change	Yield	Day's change
1–30	152.16	–2.32	7.29	+0.33
1–10	143.95	–1.54	7.12	+0.34
1–3	135.05	–0.60	8.81	+0.28
3–5	145.96	–1.78	7.30	+0.40
15–30	181.52	–5.12	7.86	+0.29

Source: Merrill Lynch

Corporate	April 23* Price	Yield	Prev Price	Yield
AT & T				
$3\frac{7}{8}$ July 1990	$88\frac{7}{8}$	7.00	$89\frac{1}{2}$	6.8
SCBT South Central				
$10\frac{7}{8}$ Jan 1993	107	7.61	$107\frac{5}{8}$	7.3
Xerox				
$10\frac{7}{8}$ Mar 1993	$108\frac{1}{8}$	7.97	$108\frac{3}{8}$	7.97
Diamond Shamrock				
$10\frac{3}{4}$ May 1993	$102\frac{1}{4}$	9.98	$102\frac{1}{8}$	9.96
Arco				
$9\frac{7}{8}$ March 2016	107	9.18	$108\frac{1}{4}$	9.06
General Motors				
$8\frac{1}{8}$ April 2016	95	8.59	$97\frac{1}{8}$	8.38
Citicorp				
$9\frac{3}{8}$ March 2016	99	9.47	$99\frac{7}{8}$	9.38

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	100–26	101–10	99–15	101–29
US Treasury Bills (IMM) $1m points of 100%				
June	94.26	94.30	94.18	94.34
Certificates of Deposit (IMM) $1m points of 100%				
June	93.63	93.63	93.63	93.64
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.26	93.38	93.22	93.48
20-year Notional Gilt £50,000 32nds of 100%				
June	126–22	127–10	126–01	128–02

* Latest available figures